IS INDONESIA VULNERABLE TO CONFLICT? AN ASSESSMENT

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Introduction

Is Indonesia vulnerable to conflict? This must be one of the most frequently asked questions about Indonesia by both policy makers and business interests today. The importance of the issue is clear. Indonesia is the most populous Muslim country in the world. After India, Indonesia is also the second largest democracy in Asia, and has recently embraced democracy for the second time since independence. With a population of over 220 million persons it is the fourth largest country in the world. As the largest country in ASEAN it is critical to the stability in the South East Asia region.

Indonesia is rich is natural resources-- especially oil, natural gas, minerals and timber. Its tropical forest areas, though declining, still rank as the second largest in the world after Brazil. As Indonesia's economy recovers from the impact of the Asian financial crisis it is an increasingly important market for commodities produced in the developed west as well as in Japan, Korea and perhaps India in the future. The security and stability of Indonesia has a critical role to play in the geopolitical map of the region and the world.

The scenario of Indonesia collapsing into the vortex of escalating social conflict on the scale already evident in a number of countries in South Asia (Pakistan, Bangladesh, Sri Lanka and Nepal, not to mention Myanmar) requires a host of policy challenges to both domestic and western policy makers. Perhaps the most fundamental, reminiscent of Cold War politics, is the dilemma inherent in assisting new democratic transitions in countries highly prone to a prolonged breakdown of law and order, where a breakdown can provide a seedbed for extremist political or religious ideologies. Another challenge is weighing the short term advantages against the long term risks associated with high-value investments in the energy or other

natural resource sectors in remote areas within an infrastructural enclave. A less obvious, but important risk is the extent to which in the increasingly globalized world of today, conflict and violence in a large country can actually discourage investment and service industry growth in the entire region. This was a major lesson learnt in the course of the Asian financial crisis in which countries highly exposed to foreign debt such as Thailand were lumped together with others such as Indonesia which had much lower public foreign debt burdens. The ensuing crisis of confidence and the herd behavior that followed it simply did not consider the different initial conditions that each country faced at the beginning of the financial collapse. Such a "contagion" effect was powerfully exhibited in the Asian crisis. It can, given the speed at which international news now travels, just as easily be transferred to markets other than finance and banking. The violence and political instability that might result from financial or other bad news can do much to undermine both political and economic confidence in a whole region. Another effect can be added incentive for migration to more institutionally stable and prosperous countries which brings political pressures of its own.

There are thus many good reasons for policy makers to worry about Indonesia's vulnerability to future conflict. In an active conflict concern of policy makers and donors is inevitably with helping those afflicted and to find ways to contain its spread. But when a wider perspective is taken, it becomes clear that political, economic, international and trade are all concerned with the same very simple question: is Indonesia vulnerable to conflict?

This paper is an attempt to answer that very question. It is based on a rapid assessment of the literature and selected interviews within a short space of one month. The paper providesa number of insights and policy recommendations which might be the basis of future research.

It is organized in three main sections. Part I reviews the many problems of defining conflict. Part II discusses current statistics and qualitative evidence on the scale, nature, frequency and the geographical distribution of conflict in Indonesia. Part III examines international evidence on the occurrence of conflict and the main factors driving it. Part IV considers how international experience applies to to Indonesia and argues that Indonesia is indeed prone to violent conflict. Part V examines the crucial

question how a tendency to conflict can be kept within tolerable limits, and also discusses the efforts of the Indonesian government to reduce the scale and frequency of conflict. Part VI concludes with a set of policy recommendations and outlines future areas of research.

I. Measuring conflict: definitions do matter

There is by now a vast literature on the nature and causes of conflict around the world. This is not only because the 20th Century was, despite its science and its humanist movements the most violent century of them all[1], but also because of the sudden wave of democratization following the collapse of the USSR created strong expectations that the world was moving into a period of relative calm. One reason was the belief that democracies, despite their shortcomings and their chaotic nature, did not go to war against each other. A second reason was impact of globalization. The anticipation was thus that the world in the late 21st Century would be held together by the ever growing ties of commerce, financial flows, easy travel and cheap transport. To this could be added the ubiquitous presence of the world- wide-web which facilitated news of economic crises, natural disasters and violent conflict to travel around the globe in seconds.

Civil wars, failed states, religious polarization and transnational crime and terrorism have negated the expectations of the early 1990s which persuaded Francis Fukuyama to proclaim the end of history. Conflict, like corruption, seems to be present in all societies and all historic periods. No one, at least in recent decades, has seriously argued that conflict can be ended in human societies. The issue under debate is not so much the prevalence of conflict, but circumstances under which it spills over some acceptable level, range and frequency into violent confrontation between individuals, social and ethnic groups, or different regions and provinces and is taken to its most dramatic manifestation into war between nations. A related question is when, how, and how rapidly a moderate level of violent conflict can escalate into major violence. Just as critical is to understand why some violent conflicts which are expected to escalate actually diminished in intensity and impact either suddenly or over a period of time.

[1] See Niall Furguson (2006)

Whatever the source of interest in violent conflict in a given country or region, the starting point is clearly an assessment of the existing degree and location of such violence both historically and currently, including a study of “sparks” and “triggers” which can generate a violent episode in cases where the key factors which may fan it are present.

Despite the importance of being able to predict incidents and gravity of conflict, conflict measurement is far from easy. First, there are problems with definition. Do we focus on violent conflict only, or include non-violent conflicts (e.g civil disobedience movements) which have the potential to generate political instability and often lead to violent suppression by the state, such as Gandhi’s Satyagraha marches, 1905 march in St Petersburg, civil rights movements in 1960s America, anti-Vietnam War demonstrations in the 1970s?

How do we define the intensity of conflict: in terms of the persons involved, the number of deaths, the number of injured and dead, the scale of physical damage to property and public infrastructure, or the duration in terms of days or months? Or do we measure intensity in terms of the brutality of the violence: police firing on unarmed demonstrators, bombs going off in crowded buses or subways, crowds hacking suspected felons to death with knives and machetes, massacre of opposing ethnic groups as in Bosnia?

The problems of definition involved in answering the question as to whether Indonesia is vulnerable to conflict are serious. There is as yet no universally accepted approach to the definition problem and most observers and governments tend to adopt a pragmatic approach to the definition of conflict based usually on a general broad sense, like the biblical camel, of what conflict is and when it is a cause for concern. Part of this broad agreement is greater concern with violent conflict versus non-violent, and to consider conflicts which result in deaths or serious injury more than damage to property, and to treat spontaneous and sporadic acts of violent conflict as less serious than those involving fire arms, explosives and a high degree of organization.

While definition problems are serious enough, since different definitions can lead to a wide range of reactions and responses, they are compounded by

measurement problems which persist even if a common definition were chosen. Conflict measurement problems revolve around a set of reporting biases. Reporting restrictions on violent conflict under most authoritarian systems, and even some more democratic ones, lead to massive underreporting of the incidence and seriousness of conflict. Even when the media is free to report conflict, as in the case of post-New Order Indonesia, the reports from various print and news media rarely tally.

Large national newspapers may be skilled in providing wider geographical coverage, but they are often poor in recording the scale and frequency of localized small conflicts. On the other hand, if we rely on local media reports their perception and definitions of conflict may not correspond to national standards and may deter cross-comparisons between different sources. The comparability problems are further aggravated if we move beyond reporting of deaths to report on damage to property. Deaths are unambiguous and final. Damage to property requires estimating the scale and value of what has been damaged.

While number of deaths is a simple and widely used indicator of violent conflict, it does not also allow us to determine the number of persons involved in its perpetration. Spectacular events of terror such as 9/11 or the Bali bombing were acts of very few organized persons. Such acts of terror are grave security threats. But so are inter-ethnic clashes where the number of deaths in single incidents may be lower but the cumulative impact over a series of episodes is greater. How then do we consider isolated events of conflict such as football match clashes or food or petrol price riots in the context of longterm ethnic or religious clashes? A single incident can clearly create or spark several inter-linked episodes. Such a repeat sequence of violent clashes might also trigger escalation of conflict, at times exceptionally rapidly e.g. violence meted out on refugees in the context of civil wars or boundary separations -- as in the case of the Indian partition.

Reporting biases do not originate from media sources alone. Individual respondants to surveys may not understand the definition of conflict used in the survey, or may even chose not to highlight it if they have a vested interest in underreporting the impact of violent episodes. It is interesting that such biases can transcend the nature of the political system. Most autocratic systems tend to under report violent conflict for fear of inciting opposition and appearing weak. Elected

officials in democracies may also underreport deaths and damage from conflict in election years to improve the record of their own administrations. The opposition might, for the converse reason, exaggerate it.

The problem of reporting incentives becomes even more serious in major episodes of planned violence (ethnic cleansing, war crimes etc.). In some cases, the authorities have engaged in a wholesale plan of public deception – for example the massacre of Bosnians by Serbian troops, the violence unleashed in present day Darfur or in the context of Indonesia, the murder of communists and suspected sympathizers in the mid 1960s.

These problems of definition and measurement biases make an accurate estimation of the scale, incidence, frequency and severity of conflict in any given situation or country very difficult. They also make historical comparisons of rising or declining levels of violent conflict very problematic, except in case of regimes which were good at recording deaths and damage during conflict-- often through their own security or political apparatus. This was the case in East Germany. The demise of such regimes often leaves behind substantial files which made historical comparisons possible.

What is the implication of the above problems of definition and measurement for the question raised at the beginning of this paper with respect to Indonesia?

The first is that historical comparisons of the scale and incidence of violent conflict over the course of different regimes following independence are very broad and highly inaccurate guesses. As the often quoted UNSFIR data base on social conflict produced by UNDP shows, media records reported extraordinarily low deaths from violent conflict during the New Order period. These numbers rose sharply in the post-Suharto democracy period. But the conclusion that democracy therefore resulted in a sizeable aggravation of violent social conflict is subject to major qualifications. One qualification is that the security apparatus itself was responsible for a large proportion of violent deaths. Just as important was the use of militias supported and organized by the military, as the cases of anti-communist clashes in the 1960s and more recently in East Timor demonstrate.

The second is the general under-reporting of the scale and incidence of violent conflict in most data sets, including in the extensive 2003 PODES village survey which covered 69,000 villages throughout Indonesia. Barron et al (2004) conducted a field verification of some of 25 villages in the PODES data base, which showed massive underreporting of local conflicts.[2] They found similar under reporting in estimating the impact of conflicts. They reported a large number of conflicts involved the burning down or damage to property, the financial costs of which were usually not mentioned in PODES.

It is interesting to note that in the World Bank study quoted above, an important reason for respondent bias (the respondents in this case being village heads), was the fact that they only reported conflicts as having occurred "if it was violent and had significant human or physical impacts. In 62.7% of villages reporting conflict, respondents explicitly identified deaths, injuries or material damage"[3]

On reflection, such under reporting by respondents in the PODES also illustrates another fundamental problem in the measurement of conflict. This is simply the fact that most communities have some sense of a socially accepted, "normal" level of violence based on history and religious or other cycles of activity. Conflict as a problem is only a matter of concern when it rises beyond socially tolerated levels of violence and physical damage. This implies that some pragmatic, working definition of conflict is in use in most administrations. Measurement of conflict might well involve adopting local definitions and ranges of impact that can be recognized by survey respondents.

This brings us back to geographical comparability. Barron et al (2004) point to the fact that the under reporting of conflict in the PODES was systemic, which meant that inter-village comparisons could still be made using the data. Each village would

[2] As they note: "The case of Pamekasan, a district on the island of Madura, just off the Javanese coast near Surabaya, provides a stark example. None of the seven villages studied in Madura were reported in PODES as having experienced conflict in the past year. Yet, in six of the seven villages, the World Bank researchers tracked conflicts that had taken place in 2002, including mass sickle battles between communities and the burning of alleged dukun santet (witch doctors). Similarly, in Ponogoro, close to Central Java, PODES reported only one village as having experienced conflict in the past year: researchers followed conflicts that had taken place in 2002 in all six villages chosen from the district. Conflicts here included battles between rival silat (martial arts) groups, clashes over village head elections and a dispute between a community and a state-run mining enterprise" (Barron et al, 2004, p. 18).

[3] Ibid p. 19

under report conflict but within this overall bias some villages would be more conflict ridden than others.

The general conclusion drawn from quantitative studies of conflict in Indonesia is that such studies are highly sensitive to the political structure under which they carried out. In addition they also embody local working definitions and understanding of conflict. One way to limit the variations in reporting is to limit the field of enquiry to deaths, or even acute physical injury as in the case of the UNSFIR data base. This is still subject to any regime bias which might restrict media reporting of conflicts. It also still leaves open the many interesting questions of triggers, escalation and historical tendencies which only qualitative studies can highlight.

Clearly a combination of statistical and qualitative research on conflict would give the best overall picture of the prevalence of conflict in particular localities. It is generally agreed, however, that Indonesia is still far from developing a reliable system of reporting and verification of the many facets of conflict across its districts and villages.

II. The nature of conflict in Indonesia: regions and typologies

Precise estimates of the incidence, severity and frequency of conflict in Indonesia are precluded by problems of definition and difficulties surrounding the cross checking of quantitative surveys with qualitative studies. This is even more of a problem when trying to arrive at a historical assessment of conflict. Records are sketchy or have been deliberately obliterated, reporting restrictions or self-censorship by controlled media render historical descriptions of conflict unreliable, and definition issues are magnified as many of the witnesses have either moved, aged or suffer from memory lapses.

The prevalence of conflict in Indonesia: Conclusions from statistical data sets

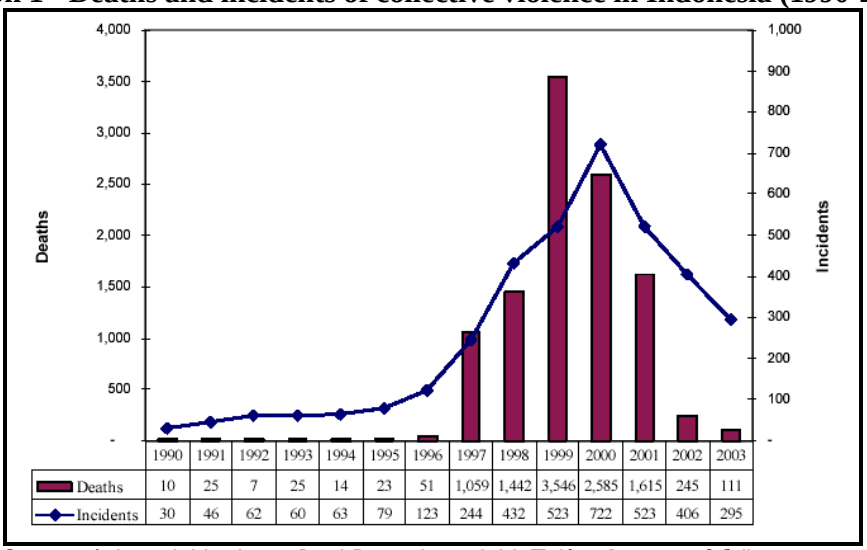
The limitations of definition and data do not allow us to draw firm conclusions concerning the scale of violent conflict in Indonesia. These difficulties have not discouraged attempts at quantifying both the frequency and the patterns on conflict in Indonesia, or generating typologies of conflict based on assumed root causes and/or immediate triggers of such violence.

Results of the UNSFIR data base

The UNDP/BAPPENAS sponsored data base on the patterns of social conflict in Indonesia between 1990 and 2003 published by the United Nations Support Facility for Indonesian Recovery (UNSFIR)[4] was an attempt to organize a national database on conflict in Indonesia. Despite its limitations, (focus on deaths and not property, problems of underreporting and omission of separatist conflicts as in Aceh and Papua) the results of the UNSFIR data base do provide some interesting conclusions. The results are summarized in Graph 1 and tables 1-2, and lead to some tentative conclusions.

First, there seems to have been a marked increase in the levels of collective violence in Indonesia during the close of the New Order period (1990-1998) and the period following it (1999-2003). This conclusion is interesting for two reasons: 1) it is based on an incredibly low level of conflict related deaths reported in the New Order segment; and 2) it documents a sharply rising level of violent conflict following the advent of democracy. Both conclusions are subject to qualification but the data set provides a starting point for discussion.

Graph 1 - Deaths and incidents of collective violence in Indonesia (1990-2003)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Deaths	10	25	7	25	14	23	51	1,059	1,442	3,546	2,585	1,615	245	111
Incidents	30	46	62	60	63	79	123	244	432	523	722	523	406	295

Source: Ashutosh Varshney, Rizal Panggabean & M. Zulfan. *Patterns of Collective Violence in Indonesia, 1990-2003*. UNSFIR, 2004.

[4] See UNSFIR (2001, 2002 and 2004)

Historical accounts for Indonesia show that the New Order was marked by major episodes of violent conflict often involving the military, the state security apparatus and military sponsored militias. The most dramatic incident was the large scale murder of communists and suspected communists by a combination of military, Islamic groups and militias armed by the military in Suharto's bid for power in the mid 1960s. Other instances include the military suppression of Aceh under Daerah Operasi Militer (DOM) (1990-1993), the violence in East Timor (1999), Papua (1963-1998) and against a large number of opposition groups such as Malari 1974 (A student movement against the government policies), the July 27th 1996 tragedy (A bloody crackdown taken to take over the opposition party's headquarter), etc. The omission of the most important sources of conflict involving the state itself from the UNSFIR data base renders the 1990-99 segment highly suspect. Indeed, if the major national newspapers of the time are to be believed 1992 was an unusually peaceful year. It experienced only 62 incidents of violent conflict but only 7 died as a result.

Clearly this segment of the database suffers from a number of defects: problems of definition when the state itself is a party to the conflict, censorship of the media and reluctance of the general public to report the frequency and scale of violent conflict for fear of reprisals..

Even if it could be argued that the 1990-1998 period was a time of relative calm in Indonesia in which the regime faced no significant challenges and the economy had a high growth rate, by excluding violent conflict in Aceh, Papua and East Timor the UNSFIR data base critically underestimates the level of conflict related deaths in the pre-democracy period.

This still leaves the question of the trend of collective violence during the period after Suharto's exit. Graph 1 charts the sharp rise of both conflict incidents and conflict-related deaths since the outbreak of the Asian Economic Crisis in 1997, peaking in 1999 and sharply declining afterwards. Again, it is difficult to arrive at a precise estimate, since with the advent of free press and independent television media in Indonesia there were multiple sources of reports on the same conflict. The rise in collective violence in 1998, for instance against the Chinese in Jakarta, has been reported in both domestic and international media and the main outline of events is not in doubt but the number of deaths and wounded is subject to differing estimates.

Table 1 - Distribution by Kapupaten/Kota
Collective violence in Indonesia (1990-2003)

	Kabupaten/Kota	Deaths		No of Incident		Population (2000)	
		Total	%	Total	%	Total	%
	Indonesia	11,160	100,0%	4,720	100,0%	206,264,595	100,0%
	Total 14 Provinces	10,758	96,4%	3,608	84,5%	149,309,365	72,4
1	Maluku Utara	2,410	21,6%	60	1,4%	432,295	0,2%
2	Jakarta (5 districts)	1,322	11,8%	178	4,2%	8,389,443	4,1%
3	Kotawaringin Timur	1,229	11,0%	24	0,6%	526,556	0,3%
4	Kota Ambon	1,097	9,8%	190	4,4%	190,511	0,1%
5	Poso	655	5,9%	32	0,7%	210,780	0,1%
6	Maluku Tengah	632	5,7%	115	2,7%	523,122	0,3%
7	Landak	455	4,1%	4	0,1%	556,684	0,3%
8	Sambas	428	3,8%	16	0,4%	454,449	0,2%
9	Pontianak	425	3,8%	8	0,2%	631,773	0,3%
10	Halmahera Tengah	311	2,8%	6	0,1%	147,509	0,1%
11	Maluku tenggara	168	1,5%	12	0,3%	186,922	0,1%
12	Buru	149	1,3%	15	0,4%	111,385	0,1%
13	Bengkayang	132	1,2%	19	0,4%	328,379	0,2%
14	Kota ternate	73	0,7%	6	0,1%	152,649	0,1%
15	Sanggau	59	0,5%	5	0,1%	508,676	0,2%
	Total 15 districts	9,545	85,5%	690	16,2%	13,351,133	6,5%
	Others	1,651	14,5%	3,580	83,8%	192,913,462	93,5%

Source: Ashutosh Varshney, Rizal Panggabean & M. Zulfan. *Patterns of Collective Violence in Indonesia, 1990-2003*. UNSFIR, 2004.

The question is not whether collective violence rose in the opening years of the democratic transition, but the extent to which it has been depleting over time. The UNSFIR data would suggest that despite appearances, collective violence declined sharply as the new political order took hold. It is still too early to draw this conclusion, given the fact that there is hardly a Province in Indonesia free from one or more episodes of collective violence resulting from a wide variety of causes.

The optimistic viewpoint that collective violence in Indonesia might be simply a transitional problem is strengthened by the second major conclusion of the UNSFIR

data base. This is the finding (table 1) that fatalities from conflict are highly concentrated in Indonesia. Varshney et al (2004) who compiled the UNSFIR data base conclude that 85.5% of all deaths are located in just 15 districts, which contained only 6.5% of the national population.

This is consistent with results from other parts of the world, including India where large-scale violent conflict is localized in a few areas. Another interpretation of the Indonesia case is the argument that while collective violence occurs in virtually all the major islands of the archipelago, around 93.5% of the population lives in areas which are free from outbreaks of large scale violent conflict and associated deaths. This is a very different picture than the one painted in media reports, which created a perception that violence in Indonesia was out of control and that the country was on its way to becoming a failed state. Localization of conflict is robust finding in the sense that it is not affected to any significant extent by reporting problems of the kind noted above.

Table 2 - Categories of violence Collective violence in Indonesia (1990-2003)

Category	Deaths	%	Incident	%	Incident with deaths	%
Ethno-Communal	9,612	89.3%	599	16.6%	409	39.4%
State - Community	105	1.0%	423	11.7%	55	5.3%
Economic	78	0.7%	444	12.3%	34	3.3%
Others	963	9.0%	2,142	59.4%	610	58.8%
Indonesia (14 provinces)	10,758	100.0%	3,608	100.0%	1,108	100%

Source: Ashutosh Varshney, Rizal Panggabean & M. Zulfan. *Patterns of Collective Violence in Indonesia, 1990-2003*. UNSFIR, 2004.
Notes: 14 provinces are North Maluku, Maluku, West Kalimantan, Jakarta, Central Kalimantan, Central Sulawesi, East Java, West Java, Central Java, South Sulawesi, Riau, Banten, East Nusa Tenggara, and West Nusa Tenggara

A further conclusion is possible from the classifications of collective violence available in the UNSFIR data base. This related to the different kinds of conflict common in Indonesia. Data presented in table 2 show that between 1990 and 2003, the most frequent and most violent conflict was around ethno-communal fault lines. This category accounted for around 89% of incidents and 39% of all the deaths resulting from all recorded conflicts. Disaggregation of the data on ethno-communal conflict (table 2) shows the importance of two dominant elements: ethnic (e.g. Dayaks

vs Madurese, or anti-Chinese) or religious (Christian versus Muslim) with some fusion between these groups in specific localities e.g. Papua.

An important shortcoming of the UNSFIR data base and the related analysis of the different typologies of conflict in Indonesia is the exclusion of separatist violence. This meant excluding both Aceh and Papua, two major centers of conflict and of major involvement of the security forces. With the conclusion of the Helsinki MOU in 2005 and passing of the Law on the Governing of Aceh (LOGA) in mid 2006, and the passing of Special Autonomy in Papua in 2001 followed by its division into three separate provinces, this category of violent conflict might be under control for the present. If that conclusion is correct, then ethnic and communal violence in Indonesia might be most important from of conflict.[5]

Evidence on the nature of conflict in Indonesia from the PODES surveys

The PODES data collected by the Central Bureau of Statistics is a potentially rich source of data on conflict. It surveys close to 70,000 villages in all the major provinces of Indonesia. Conflict is recorded in the survey when it surpasses a minimum threshold of violence within a locality in the preceding year. The respondents to the survey are rural village heads or urban equivalents and central government statistical officers.

While this data needs to be cross-checked by detailed qualitative studies on the ground as argued by Barron et al, it is the first nationally comparable data source of its kind and is a valuable addition to the other data sets which rely largely on newspaper reporting at the National and local levels. It is also argued that the tracking of local conflict at the village level, rather than focusing on large scale, more dramatic episodes of violent conflict, is likely to give a better picture of triggers which cause conflicts to turn violent as well as provide a better picture of the factors governing the evolution of conflicts; towards escalation, stalemate or resolution over time. This in

[5] See the article by Sidney Jones in the Jakarta Post (January 3, 2008), arguing that communal violence forms the greatest threat to Indonesia. She puts the point thus: “The security outlook for Indonesia in 2008 is reasonably good. The biggest danger lies not in terrorism, election disputes, or any external threat, but in poorly managed communal tensions that have the potential to fray this country’s social fabric”.

turn might lead to less top down and more participatory approaches to local dispute resolution.

PODES data, despite the underreporting noted above, can still provide reasonably reliable estimates of inter-provincial distribution of local conflict. Table 3-5 shows concentration of conflict in terms of total number of victims in some provinces. An interesting finding of the PODES data is the high degree of local conflict in West, Central and East Java (see table in appendix). Moreover, the PODES data also provide data on the different agencies involved in local dispute resolution: by civil society, by village administrations and by the security apparatus. Both the 2003 and the 2005 PODES data emphasize the importance of both the village administrations and the security forces in the resolution of local conflict -- with a less important role being played by more traditional social resolution mechanisms.

Table 3 - Local Conflict

	Conflict Reported (%)		New Problems (%)		Total Villages/ Neighbourhoods	
	2003	2005	2003	2005	2003	2005
National	7.1	2.3	3.9	1.5	68,815	69,955
Urban	8.8	3.2	5.8	2.1	12,067	12,290
Rural	6.7	2.1	4.2	1.4	56,748	57,665
Java	5.4	2.5	4	1.7	24,962	25,006
Off Java	8	2.1	3.9	1.3	43,853	44,949
Off Java (Ex Aceh)	5.7	2.4	4.1	1.5	38,118	38,982

Source: Podes 2003 and 2005

Table 4 - Type of Local Conflict

	National (%)		Rural (%)		Java (%)		Off Java (%)	
	2003	2005	2003	2005	2003	2005	2003	2005
Civil/Group strife	52.1	73.2	48.5	73.3	76.2	76.8	42.9	70.8
Strife w/ Gov Apparatus	7	2.7	7.6	2.5	3.6	1.2	8.4	3.7
School strife	2.7	3.2	1.8	1.8	3.9	3.7	2.2	2.9
Ethnic strife	3.3	4	3.2	4.7	1.0	0.3	4.2	6.5
Others	34.9	16.7	38.9	17.5	15.3	17.9	42.4	16.0
(N) of conflict	4,958	1,610	3,875	1,212	1,376	644	3,582	966

Source: Podes 2003 and 2005

Table 5 - Agency in Conflict Resolution

	National (%)		Rural (%)		Java (%)		Off Java (%)	
	2003	2005	2003	2005	2003	2005	2003	2005
By society	21	10.5	23	9.3	13.1	8.5	25.5	12
Village Apparatus	33.2	40.7	34.6	44	34.7	39.2	32.4	41.8
Security Apparatus	45.7	48.6	42.4	46.6	52.2	52	42.1	46.1
(N) of conflict resolved	3,544	1,384	2,605	1,024	1,269	576	2,275	808

Source: Podes 2003 and 2005

The aftermath of violent conflicts: data on Internally Displaced Persons (IDPs)

While statistics on the incidence and severity of conflicts, both large-scale and local, are an important building block for understanding the seriousness of the conflict problem in Indonesia, they capture only part of the story. Just as relevant is to appreciate the impact that such conflicts have on the lives of people affected by them. Given the potential for violent conflict generated by the sudden arrival of migrants fleeing from centers of conflict, especially when these are of different ethnic origin, no picture of the seriousness of violent conflict in Indonesia can be complete without examining the presence and the movements of people displaced by conflicts.

Table 6 - IDP's in Indonesia, 2001-2006

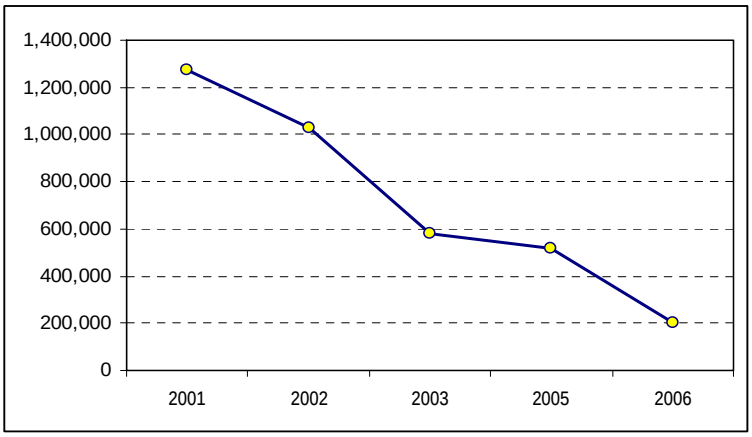
	2001		2002		2003		2005		2006
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers
Aceh	41,608	3.26	14,791	1.44	14,603	2.52	-	-	30,000 - 150,000
Central Java	11,799	0.92	-	-	-	-	7,540	1.46	-
Central Sulawesi	58,005	4.54	66,144	6.44	156,620	27.04	15,755	3.05	3789 HH / 15,000 persons
East Java (Madura)	165,732	12.98	183,838	17.89	129,919	22.43	112,116	21.67	-
East Nusa Tenggara	143,803	11.26	30,000	2.92	28,097	4.85	5,895	1.14	10,000 - 40,000
Maluku	300,091	23.51	330,500	32.16	202,783	35.01	181,640	35.12	35,000
North Maluku	166,318	13.03	-	-	34,166	5.90	38,070	7.36	15,000
North Sulawesi	39,785	3.12	36,667	3.57	13,000	2.24	9,470	1.83	-
North Sumatera	44,908	3.52	122,265	11.90	22,184	-	33,850	6.54	-
Papua	16,600	1.30	-	-	-	-	18,965	3.67	1,200
South Sulawesi	36,104	2.83	-	-	-	-	13963	2.70	-
Southeast Sulawesi	161,226	12.63	227,043	22.09	-	-	80,000	15.47	-
West Kalimantan	-	-	16,531	1.61	-	-	-	-	-
Total	1,276,623*	100.00	1,027,779	100.00	579,188	100.00	517,264	100.00	150,000 - 250,000 (Dec. 2006)

Notes: total IDP's were estimation
Source: article, newspaper and report which collected by Internal Displacement Monitoring Centre on Indonesia country statistic. See http://www.internal-displacement.org/. Data for 2001 from Satkorlak PBP in respective provinces (http://www.db.idpproject.org/Sites/idpSurvey.nsf/w), as cited by Dewi Fortuna Anwar (ed) in *Development, Migration and Security in East Asia, 2005*.

Data reported by the International Displacement Monitoring Center (table 6 and graph 2) shows the enormous impact of violent conflict in the early years following

the end of the New Order and the initial years of the democratic transition. The total reported number of internally displaced persons (IDPs) stood at around 1.78 million, the bulk displaced following conflicts in Madura, East Nusa Tenggara, Maluku and North Maluku and South East Sulawesi. The number of IDPs shows a continuous and sharp decline post 2001. This appears to support the UNSFIR data base conclusion that violent conflict rose sharply following the economic crisis in 1998 and the collapse of the New Order, peaked in 2000 and has declined steadily since then. An initial rise in conflict in Indonesia, followed by a sharp decline would argue against the idea that democratic freedoms and political structures have fuelled social violence on a scale significantly greater than under autocracy.

Graph 2 - Estimated Number of IDP's in Indonesia, 2001-2006



Notes: total IDP's were estimation
Source: articles, newspapers and reports which were collected by Internal Displacement Monitoring Centre on Indonesia country statistic. See http://www.internal-displacement.org/. Data for 2001 from Satkorlak PBP in respective provinces (http://www.db.idpproject.org/Sites/idpSurvey.nsf/w), as cited by Dewi Fortuna Anwar (ed) in *Development, Migration and Security in East Asia, 2005*.

Conclusions from statistical surveys and studies

What conclusions if any are possible from the fragmentary data available on conflict in Indonesia? Problems of definition, coverage and measurement bias apart, the following general conclusions are possible:

1. Barring separatist wars, violent conflict in Indonesia, as in many other countries, is localized in a few districts and provinces. Almost 93.5% of all

reported deaths from conflict, from 1990-2003, took place in 15 districts consisting of only 6.5% of the total population.

2. Violent conflict rose sharply in the early years of the democratic transition. The incidence and scale of such violence has declined markedly since then.
3. The largest category of violent conflict is ethnic and communal or both. In the 14 provinces reported in the UNSFIR data base this type of conflict accounted for almost 89.3% of total deaths.
4. The rise in conflict during initial years of democracy is reflected in the displacement of close to 1.3 million people. These numbers have come down sharply as the situation has normalized.
5. Local conflict is documented in two large village surveys by the Bureau Pusat Statistik (BPS). These show the presence of local conflict in all provinces but especially in Java. The surveys show the limited impact of traditional conflict resolution mechanisms at the village level. The majority of local conflicts tend to be solved by formal village administrations or by the security apparatus itself.

The geography and typology of conflict in Indonesia

The roots of conflict in Indonesia: historical perspectives

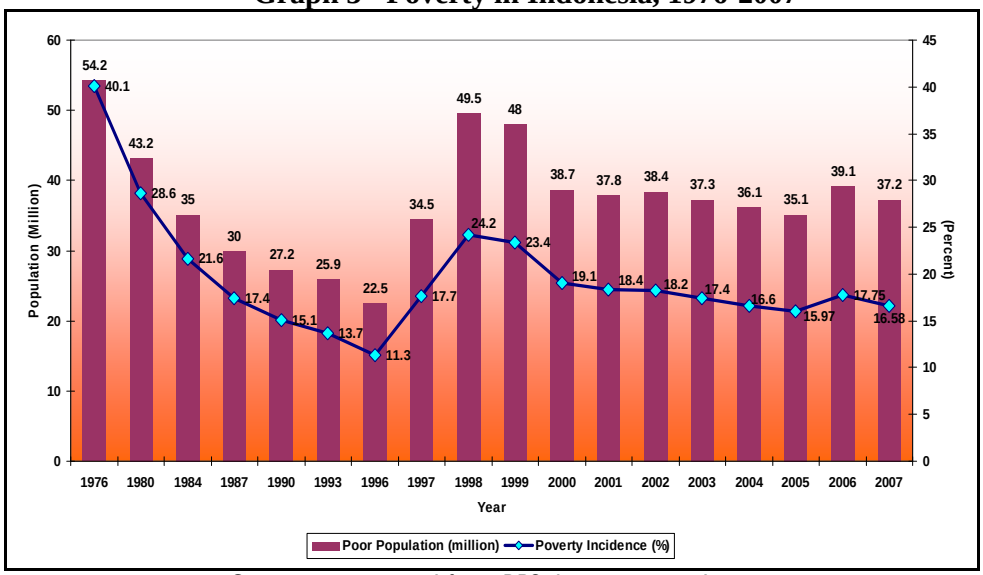
Indonesia has not been free of conflict since its first turbulent days following the declaration of independence in 1945. Following the war with the Dutch came the Darul Islam and other regional unrests, followed by the spree of violence against the communists and then riots against the Chinese, separatism in Aceh, the wars in East Timor and in Irian Jaya. In addition, there were smaller incidents such as the Malari riots against Japanese investments in 1974.

The New Order government was no ordinary dictatorship. It came to power against the backcloth of economic ruin and a shattered bureaucracy. By the final years of his rule, Sukarno had been driven into an impasse of his “guided democracy” and was forced to choose between an increasingly strident communist movement, (then the second largest communist party outside China) and an increasingly

frustrated and politicized military. The New Order was founded on the promise of economic recovery and the doctrine of "dwi fungsi[6]" which formalized the political and internal security responsibility of the military. Economic liberalization and US support in the Cold War on the one hand, and Centralized government based a secular doctrine of Pancasila on the other provided the New Order with its own particular unification ideology.

Indonesia's spectacular economic success following the oil boom of the early 1970s and the green revolution which followed it gave the government resources to keep social stress under control. This was done both through military repression and assimilation of local elites through a series of INPRES grants aimed at building rural infrastructure. Indonesia's economic success and its ability to maintain law and order (using a mixture of open repression, political control and the interpenetration of the military into politics and management of large public enterprises) brought it international recognition.

Graph 3 - Poverty in Indonesia, 1976-2007



Source: constructed from BPS data, various edition

Very soon, by the late 1980s and early 1990s, Indonesia was widely identified as an example of successful development. It was one of the many "Asian miracle"

[6] Dwi Fungsi or the middle way was a doctrine proposed by General A.H Nasution in 1958 by which the military was to have a dual role: as a guardian for the defence of the nation as well as a vehicle for improving the performance of civil administration.

countries. It seemed to have been able to do the improbable: combine high economic growth with low levels of income inequality. Per capita incomes had risen steadily, and the proportion of people below the poverty line fell from around 60% to 11% by the closing years of the New Order.

In the focus on Indonesia's development miracle many of the less admirable aspects of its development were overlooked. While its state institutions looked solid on the outside, they were slowly being eaten away by systemic corruption encouraged as a matter of state policy by keeping the military and the bureaucracy chronically under funded. High economic growth was achieved by the centralized control and transfer of natural resource revenues from distant provinces in Aceh, Kalimantan and Papua. These policies created frustration in these provinces which later led to conflict.

Overcrowding and declining agricultural productivity in Java was met with waves of transmigration to the Outer Islands. The policy of attracting migrants often meant providing better infrastructure and employment facilities than the local inhabitants of the recipient region had. Latent frustration was kept under wraps by the territorial presence of the military, whose regional administration closely paralleled the civil administrative structure. Political opposition was divided and later bullied into artificial assimilation through government-sponsored political parties. Prevented from forming open political parties espousing the Sharia, the Islamic opposition turned to civil society structures dedicating themselves to social welfare and moral uplift through religious education.

Over time the New Order became politically more secure. Western sympathy for its strong anti-communism, its free markets and its open capital account in the middle of the Cold War. The strong role Indonesia was expected to play in the ASEAN region added to international recognition and legitimacy. As the regime grew more sure of itself Suharto felt strong enough to reduce his reliance on the military. The increasing reliance by Suharto on family ties and his children's business adventures on the one hand and an overture to moderate Islam through the newly created Indonesian Council Of Muslim Intellectuals (ICMI) reflected this change of direction.

The above account of some of the principal characteristics of New Order government provides the backdrop towards understanding the extraordinary contrast between a seemingly all-powerful government in Jakarta and the wave of unrest that broke out in the early years of the democratic transition. In a strange and unexpected way the implosion of the New Order was the greatest single conflict of them all. It swept away not only President Suharto and his family, but the entire "system" of government-- from an appointed parliament and an ever-present military to tame political parties and a subservient judicial system.

The geography and the dynamics of cotemporary conflicts

Partly due to weak official statistics on conflicts and the causes which trigger them, and partly because of the open political environment brought about by Indonesia's second wave of democracy, post 1999 conflicts have received unusually detailed attention. There is by now an enormous literature on specific conflicts from Aceh to Papua based on field visits, international agency support programs, accounts of displaced groups and more recently the sharing of international experience on combating terrorism and transnational transmission of radical ideologies.

The result is the availability of detailed reporting, in the less constrained setting of the democratic transition since 1999, on each phase of a particular conflict, when it began, how it developed and how and by whom it was resolved. This voluminous literature is easily available and does not need repetition here. The key point is to examine those elements of conflicts in the post 1999 period which have a bearing on Indonesia's vulnerability to conflict in the future and to draw lessons from the experience of such conflicts in the past.

The first major observation from this recent literature is that no major island in the Indonesian archipelago is free from conflict. The enormous geographical spread of conflict is illustrated by the fact that it ranges from the North Western tip of Sumatra (Aceh) through to the islands of Kalimantan, Sulawesi, Moluccas, to East and West Timor to its most North Easterly tip. While it is true as the UNSFIR data base shows that conflict is fairly concentrated in a few districts, adding Aceh and Papua to the

picture highlights the geographical range and the diversity of the conflicts ravaging Indonesia. Moreover, unlike communal strife in India conflict was not isolated in a few well defined towns of the country. It was as prevalent in rural as well as urban areas of the country.

Box 1 - Major Conflicts in Indonesia

Kalimantan

Over the past five years, the provinces of West and Central Kalimantan have been the scenes of mass killings of the Madurese by the indigenous Dayak peoples. Violence erupted in 1996 in West Kalimantan, followed by another outbreak in 1999. Most recently, violent attacks occurred in Central Kalimantan in March 2001. The killings were particularly brutal, as there has been a revival of the traditional, but long-abandoned Dayak practices of decapitation and cannibalism. Virtually no Madurese remain in Central Kalimantan as they have fled to escape the violence. The displaced Madurese are now living in makeshift camps in Kalimantan, as well as with family members in East Java and Madura Island. Most wish to return to their homes on Kalimantan.

Aceh

GAM began in 1976 and has gained popular support and momentum in the post-Suharto period. From 1990 to 1998, the population of Aceh was violently repressed by the military as forces tried to eradicate GAM. After Suharto fall, GAM continues to conduct a guerrilla war against the Indonesian military. Both the military and the rebel forces have been accused of human rights abuses, including arrests, "disappearances", tortures, murders, and rapes.

The upswing in military operations left over 1300 people dead in 2001, more than double the number killed the year before. The violence did not abate in 2002, and over 1600 people were estimated dead by August. April of 2003, emergency talks scheduled between GAM and the Indonesian government was cancelled following lengthy negotiations over the precise date and location of the meetings. The Indonesian government established martial law in May 2003 as part of an effort to eradicate GAM. The latest efforts to end this conflict are the signing of MoU Helsinki in 2005 and the LoGA, as a legal basis for the implementation of the MoU, in 2006

Poso

For decades, Muslims and Christians coexisted peacefully throughout Sulawesi. However, in the past three years, the Poso district and surrounding areas in the province of Central Sulawesi, have been periodically shaken by brutal religious violence between the Christian and Muslim communities. This has resulted in thousands of deaths and the creation of a refugee population close to 50,000. With the flare-up in the violence in November and December 2001, the government has begun to take steps to end the conflict. Additional security troops were called in to bring an immediate halt to the violence. In an attempt to bring about a long-term solution, the parties of the conflict met in December 2001 in government-sponsored peace talks. The result was a peace agreement, known as the Malino Declaration, signed by both parties.

Papua

West Papua/Irian Jaya is home to a secessionist movement that has been in the making for 40 years. The province left Dutch rule in 1962, was briefly under UN authority, and in 1963 joined the Indonesian state. Many indigenous inhabitants, however, believed that the province achieved independence on December 1, 1961 when Dutch rulers agreed to allow self-rule.

Despite a heavy military presence that has lasted since the annexation in 1963, West Papua/Irian Jaya has experienced limited, although severe, outbursts of violence. The Free Papua Movement (OPM), a low-level guerilla movement, has been fighting for independence since 1961. Troubles between the military and the Papuan population escalated, however, after Suharto's fall in 1998 and a new round of calls for independence was ignited. The present state of the conflict is dominated by heightened violence due to military "sweeps" in search of OPM guerillas, and an expected autonomy proposal from Jakarta. Special autonomy was granted in 2001 but the separatist activities still exist until present.

Maluku

The unexpected outbreak of violent clashes in 1999 resulted in thousands of people being killed while others fled to neighboring islands. There have been accusations by both sides of interference by outside provocateurs and the role of the armed forces in the violence has been raised. The violence continued unabated throughout 2000, but by mid-2001 appeared to have reached a temporary lull in North Maluku. Sporadic outbursts of violence continue in Maluku, particularly in Ambon. A peace accord between Christian and Muslim factions was signed in February 2002, establishing a framework for restoring peace to the region. Observers have expressed skepticism about the long-term success of the accord and the commitment of the parties to the conflict to carrying out its provisions. Since 1999, it is estimated that 5,000 people have been killed and 500,000 displaced as a result of the conflict.

Source: HPCR (Humanitarian Policy and Conflict Research)

Second, many of the conflicts which erupted after the fall of Suharto were rooted in the policies and dilemmas of the New Order regime. Having made the "Hobbesian" bargain of exchanging bread for freedom, and tying its political legitimacy to rapid economic growth and modernization, the regime was driven to extracting centralized revenue from foreign investment enclaves. Migration of more skilled and less politically troublesome Javanese labor came next. Finally, local discontent at outposts of foreign investment necessitated protection of installations by a military free to engage in a seamless mixture of public duty and private business.

The seeds of the Acehnese rebellion were not sown by radical Islam or the Darul Islam rebellion of the early 1950s. They were sown by the resentment of the local population in Aceh over what was commonly perceived as the theft of Aceh's natural resource heritage by the government in Jakarta. Javanese migration to and military repression of Aceh in early 1990s, and later in 2003-2004, simply succeeded in providing grass roots support to the resurgent Gerakan Aceh Merdeka GAM movement. Profitable military businesses in illegal logging and trade in marijuana provided added incentives to a cash strapped military, and later police, to be less than resolute in finding a more socially appealing resolution to separatist conflict in Aceh than outright military control.

The picture was not that different in Papua[7]. Again, enclave development of natural gas and a number of important natural commodities (such as gold) were at the heart of the dispute. Unlike Aceh, Papua did not have an illustrious history of pre-independence struggle, and with a highly ethnically divided and sparse population Papuan separatism did not garner the political impact and international attention that Aceh was able to. But the source of conflict was not, as it is sometimes alleged, Indonesia's decentralization laws or its Special Autonomy status for Papua.

The source of conflict was local perception of deep injustice in the way in which local natural resources and the local inhabitants were treated by a distant government and foreign investors that had been brought, without any real agreement, to the

[7] See report by Chris Wilson (2001) on "Internal Conflict in Indonesia: Causes, Symptoms and Sustainable Resolution", Foreign Affairs, Defence and Trade Group, Australian Parliament.

tribally held lands of the region. As in the case of Aceh, enclave development brought with it migrants from Java and neighboring islands to Papua[8]. Foreign habits, property rights and religion reinforced the distinction from the local population greater. In truth, the reality was not so different from what many countries had faced in their own colonial history. The subsequent alienation and armed response was also similar to that experienced in anti-colonial wars throughout the first half of the 20th Century.

The bid to turn a far flung archipelago into one nation state with one common language and one overarching national philosophy of "bhinneka tunggal ika[9]", created major dilemmas beyond resolution by the simple authoritarian tenets of an independence movement imprisoned by its military origins. The political system chosen to respond to the challenge was an unswerving military and philosophical centralism. This tendency was reinforced by the broad support received by the nascent communist movements rooted in the Javanese countryside and the many regional wars fought by supporters of various brands of Islam against the Central Government.

One complicating factor behind post-independence nation building was geography itself. While Indonesia is comprised of thousands of islands, it faces the peculiar characteristic of extreme population concentration in one island, Java. At the time of independence, Java contained almost 60% of the population and a severe land shortage, while others such as Kalimantan and later Papua had dramatically lower

[8] See Eva-Lotta E. Hedman (2007), "Dynamics of Conflict and Displacement in Papua, Indonesia", Refugee Research Centre, Oxford University, RSC Working Paper no 42. The article by Richard Chauvel makes the interesting point that the natural resource boom in Papua has led to steady migration from Java even after the transmigration programs were ended in the late 1990s. In fact, between 1970 and 2000 around 220 thousand people came under the transmigration schemes. However, the same period also saw a dramatic influx of privately driven spontaneous migrants numbering some 560 thousands. The seeds of prolonged conflict in Papua have already been implanted in the dislocation and the dispossession of the local population as the following paragraph from Chauvel makes clear:

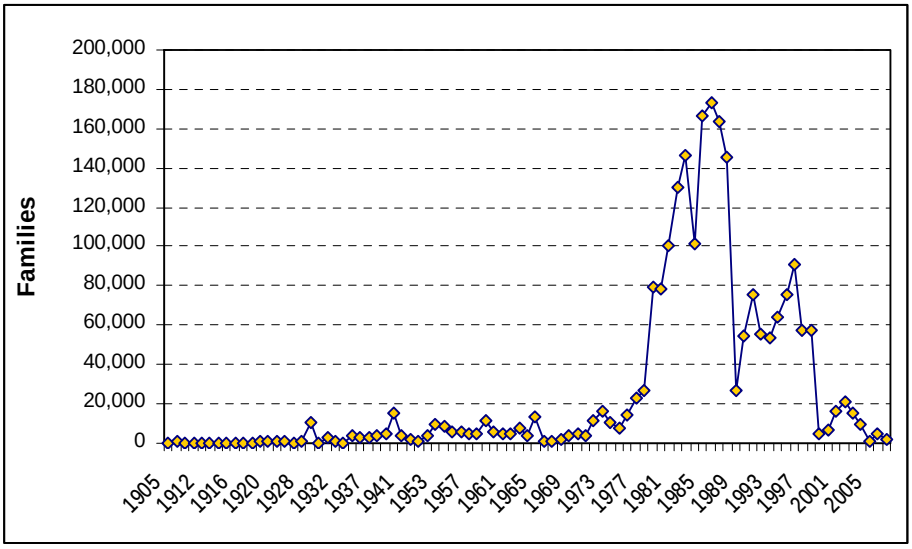
"The demographic transformation of Papua has created a complex pattern of displacement, marginalization and isolation. The Indonesian settler dominated urban areas have experienced rapid economic change and have become integrated into the modern economy of Indonesia and beyond. The Papuan bureaucratic, political and professional elite have part of the urban society, but Papuans are a much stronger presence in government employment than in the private sector. Other Papuans live at the margins of urban society more as observers than participants." (ibid, p. 36.)

For a more detailed account of migration as a source of conflict in Papua see Rodd McGibbon(2004) "Plural Society in Peril: Migraton, Economic Change and the Papuan Conflict", East West Center, Hawai.

[9] Meaning "Unity in Diversity".This reflected the centrist philosophy that dominated much of political thinking after independence and is the official motto of the Indonesian state.

population densities. With virtually no political opposition and with its legitimacy tied to rapid economic growth guided by "technocrats", cocooned in its planning agencies and kept out of public view, the New Order government sought a technical solution to a problem of geography. Logic won over politics. The *transmigration program*, already tried in settlement schemes in many countries in the world with mixed results, was the outcome of this simple logic of moving surplus populations to surplus lands.

Graph 4 - Transmigrants in Indonesia, 1905-2007



Sources: Direktorat Pelaksanaan Pemindahan Transmigrasi (1993) as cited by Levang (1997); Ministry of Manpower and Transmigration online database. (Official number, excluding volunteer transmigrants)

The philosophy was that any residual local resistance could be won over by a system of financial awards in the form of Instruksi Presiden (INPRES) grants to backward regions. These would go directly to the village heads, who would use them to build labor intensive public works and improve social welfare facilities. And if that did not work the grassroots presence of the "dwi fungsi' military (down to every village in every province of the country), could be aptly used to discourage open dissention and revolt.

Such a "technical solution" to a geographical problem was very much the fashion of the times. The absence of multi-party democracy and the fear of national fragmentation meant that the political and ethnic dimensions of the transmigration and settlement policy were only imperfectly evaluated and understood. While the growth bonanza lasted, the Central Government had the budgetary resources and the military

credibility to keep conflict at bay. But all that came to an abrupt end 1998, when output fell by over 21.4% in a single year-- close to levels experienced in the former Soviet Union in the early 1990s. Revenue took a catastrophic toll. The budget and morale of the security sectors crumbled. The policy of carrot and stick containment of the outer islands collapsed with it.

The circle was complete when the military withdrew from politics and Indonesia overwhelmingly, to the surprise of many sections of the ruling elite who felt Indonesia was not ready for democracy, chose to join the growing wave of newly democratized countries.

The logical and scientific foundations of the transmigration policy disappeared in the torrent of public feeling expressed by marginalized and humiliated local populations of the outer islands. The weakening of the security apparatus, due to both budgetary stringency and loss of morale following loss of political and economic power, snapped the protective bands of economic growth and coercive state power which held the grand schemes of transmigration together.

Ethnic grievances and religious differences magnified the explosiveness of minor clashes and brawls. In this emotionally charged atmosphere of rising unemployment and falling incomes, the smallest of sparks caused the most destructive of fires. The result of the powder keg of religious intolerance, inter-ethnic resentment and the weakening of the state was reflected in the destroyed lives of over 1.2 million internally displaced people. If the experience of South-Asia and other regions in Eastern Europe is something to go by, these bands of displaced Indonesians may themselves provide a breeding ground for future revenge and violence.

Maluku(and after mid 1999 also North Maluku) represented a conflict of a different kind. It was fought along the secretarian lines – between Islam and Christianity. But the origins of the conflict can be traced to colonial times when Christians were favored over Moslems by the ruling Dutch authorities. The Moluccas distinguished themselves by preferring Dutch rule over the Indonesian Republic, and actually declared an independent Republic of South Moluccas in 1950. The not

unexpected result was a bloody war with the Republic troops. Over 12,000 Ambonese families fled in exile to the Netherlands.

With the economic and political disruption caused by the fall of the New Order came the opportunity to settle old scores in a region where the size of the Muslim community was only slightly higher than that of the Christians (54% against 44%). On January 19, 1999 the end of Ramadan saw the spark of a minor brawl ignite a major conflagration[10]. Three years later 5,000 people lay dead. The Internal Displacement Monitoring Center (IDMC) reports that in 2001 Maluku and North Maluku, recorded 300,000 and 166,000 IDPs or around 36.5% of all the IDPs in Indonesia.(Table 6 on page 17). This was bad enough a situation. When considered in the context of the small local population of around 2 million, it was simply disastrous. Assuming four members per family, an IDP total of around 466,000 implies that every single family in Maluku directly experienced the trauma of violent conflict and displacement. Such experiences leave deep scars that are carried through generations-- as the history of the Indian sub-continent continues to prove to this day.

Whether the conflict in Maluku was simply a reflection of deep historical grievances including the veering of the late New Order government towards Islam with the growing influence of ICMI (from which both Habibie and Akbar Tanjung were drawn) or deliberately promoted by outside forces is still an open question. The demise of Suharto and his family left many disgruntled and powerful opponents of the new democracy.[11] The involvement of many "green" elements in the military, supported by well financed militia and "premen" (gangs) in Maluku in a bid to destabilize Indonesian politics at the time cannot be completely ruled out.

[10] See Siddiq (2005) for a good account of the Maluku conflict. Aggravating factors to the initial incident in 1999 were the history of Dutch favoritism towards Ambonese Christians, the favoritism of the Japanese to local muslims, the large scale migration to the region by people from Bali, Java, Madura and Sulawesi, the competition for village land between the indigenous populations with the migrant Bugisnese, Butonese and Makassarese. This simmering social strife was compounded by the decision to carve out a new district of Malifut in August 1999, a move taken to favor the muslims over the Christians leading to suspicions that Jakarta was increasing bowing to Islamic pressure. These fears were further fuelled by the involvement of the Laskar Jihad in the final phase of the conflict in 2000. Maluku saw the incursion of the Laskar Jihad and the Laskar Mujahiddin from Java in 2000 in a move to aid the muslims of Maluku. The consequence was forced conversions of Christians to Islam and as well as claims that the security forces were involved in both sides of the conflict.

[11] See the Report of the EC Conflict Prevention Assessment Mission: Indonesia, March 2002, p. 69.

Several aspects of the Maluku conflict are worth noting. First, in Maluku, the atmosphere generated by a strong security apparatus and the centralized government structure of the New Order was able to suppress but not eliminate historical divisions and perceived injustices which dated back to colonial times. Second, the entry of outside forces such as the Laskar Jihad greatly magnified the conflict with the danger of spill over to other areas with large non-Muslim minorities (for instance, Bali)[12]. Third, as in the case of Poso in Central Sulawesi, the conflict escalated in waves, especially as the population was polarized and doubts regarding the impartiality of the security apparatus began to spread.

The overall lesson is clear enough. Present indicators of the incidence and frequency of conflict need to be evaluated against the historical backdrop of communal anxieties. The speed at which mutual distrust and resentment can surface and the lethal damage they can cause requires special monitoring and policy attention. Despite the freedoms of speech and organization that are generally available in a democracy, keeping communal and ethnic divisions to tolerable limits may require both special monitoring as well as legal constraints on political parties and organizations promoting communal or ethnic hatred and revenge.

The *Central Sulawesi* case of Poso has some of the same characteristics[13] as that of Maluku, with the exception of the historic declaration of a separate republic. In Poso, as in Maluku, there is a large Christian minority. Poso has a population of around 555,000 out of which 143,000 are Protestant and another 2,100 Catholic. As in Maluku, Poso had a history of a Christian minority pampered by the Dutch as part of the overall colonial policy of divide and rule and creation of a buffer of non-Muslims as a protective barrier to the Dutch officials themselves. Protestants are concentrated around the highlands of Poso, whereas the Muslims live in cities and inshore villages.

[12] See Stephen Sherlock (2002) "The Bali Bombing: What it Means for Indonesia?", Foreign Affairs, Defence and Trade Group, Brief No 4. Sherlock makes the point one of major policy implications of the Bali bombing was the pressure put on the Indonesian government by the US to take a hard line against Islamic terror groups operating inside South East Asia. The agreement by the Megawati government to allow the FBI investigation team along with the Australian and British police investigators to assist in the investigations following the bombing, was a further admission of weakness of the Indonesian government at the time.

[13] Siddiq (2005), chapter III.

Despite the size of the Christian minority, Muslims and Christians have lived by and large peacefully for many years. Like Maluku, Poso has been a magnet for migration from other parts of Indonesia. Central Sulawesi was in fact declared in 1973 as one of the ten new transmigration provinces. Even more than Maluku, the security forces were widely perceived to have helped their own co-religionists in the middle of the fighting rather than act as an impartial law and order agency.[14]

Although the conflict in Poso has many of the same characteristics as Ambon, with the first violent episode predating that in Ambon by less than one month (Christmas Eve 1998 in Poso, and January 19, 1999 in Maluku), the dramatic escalation which left by some accounts over 1,000 persons dead and over 85,000 homeless came in waves: December 1998, April-May 2000, July-December 2001. The conflcit was brought under control through the Malino Accord on December 28, 2001.

The Malino declaration was an agreement by both sides of the conflict to maintain the peace, allow the return of IDPs and rebuild destroyed infrastructure. One of the provisions of the Malino declaration was the establishment of two Joint Commissions, one focusing on legal issues and the other on social and economic affairs. By all accounts, Malino did bring the worst of the violence under control. However, there were 129 violations of the Malino Accord between 2001 and 2004.

The case of *Nusa Tenggara* following the violent conflict in East Timor in 1999 is a good example of the kind of dislocation that a sudden shift in boundaries coupled with military backed militias can unleash. The violence in East Timor around the question of a referendum on Timorese independence was so vicious that 200,000 were forced to flee to West Timor. Not only was repatriation of these refugees hindered by ongoing militia threats but the sheer size of the influx into West Timor is likely to lay

[14] Here is what the EU Conflict Monitoring and Prevention Mission (2001) had to say about the government response to the conflict in Central Sulawesi:
"The government's response to the conflict was delayed and inconsistent. Although, the justice system prosecuted those responsible for the violence, these proceedings were not seen to be free of bias and create new tensions and conflict, which led to further violence. The aggressive Jihad Warriers (Laskar Jihad) chose to become active in Central Sulawesi—they claim—because Moslems were not being protected by the existing justice system." (p. 69). Also see pp 13-14.

the seeds of future resentment for a long time to come given the inability of the West Timorese to absorb such a large influx of strangers.

Box 2 - Triggers of Conflict

Conflict Triggered by Migration
The case of Kalimantan

The government's policy of transmigration, instituted to alleviate population pressure in the overcrowded inner islands of Java, Madura and Bali and to develop the economies of the outer islands, has contributed to Dayak resentment of the Indonesian government. Although transmigration started at the beginning of the century, the numbers sent to Kalimantan were relatively small prior to the establishment of the Suharto government in 1966-67.

Under the Suharto government, transmigration increased substantially. Between 1971-1980 Kalimantan received more than 100,000 transmigrants. After 1980, the national transmigration program was expanded with the number of transmigrants placed in Central Kalimantan reaching almost 180,000 per decade. In 2000, transmigrants amounted to 21 % of Central Kalimantan. In Kalimantan, as in many areas where this policy was practiced, the large numbers of transmigrants exacerbated ethnic tensions between the new and existing populations and changed the demographics of Kalimantan considerably.

When the Madurese first settled in Kalimantan, they established their own communities separate from the Dayak. The two communities continued to coexist until recently, when growing inter-ethnic tensions between the two communities prompted the Dayak to regard the Madurese community with increasing hostility.

Although the Dayak resented these policies, under former President Suharto, much of the potential violence was repressed by his extensive use of the military to control Indonesia's provinces. However, since the end of his presidency, the central government has played a smaller role in the region and largely avoided intervening in provincial and local matters in Kalimantan. This has prompted the Dayak to take matters into their own hands.

The heaviest violence between the two groups erupted in West Kalimantan in 1996 and reoccurred in 1999. In 1999, there were several separate acts of violence between the two groups which further exacerbated tensions. Most recently, there was a massacre in Central Kalimantan in March 2001. These conflicts all inflicted a devastating loss on the Madurese community to the point where most survivors have fled Kalimantan.

Conflict Triggered by Religion
The case of Poso

The trigger of the conflict emerged in the shadow of Suharto's resignation as Indonesia's President in 1998. As a matter of social convention, the custom in Poso over the past many years was for the bupati (local governor) to alternate between Christian and Muslim office-holders. In this way, the special favors that naturally sprang from political office were somewhat diffused between the two communities. Apparently seizing the transitional tone of the day, then-bupati Arif Patanga, a Muslim, proposed that one of his family members succeed him instead of a Christian.

At around the same time, in what is referred to as the first stage in the Poso conflict, Muslims launched an attack on Christians in Poso, following a brawl between a Christian and Muslim youth. Muslims began to burn down churches and Christian homes, culminating in the second phase of the Poso conflict in April 2000 in which hundreds of Christian homes were destroyed, and many were killed.

The third phase began in May 2000, when the retaliation began in earnest as Christian "ninjas" terrorized and tortured Poso Muslims. Calling themselves "Black Bat" raiders, the Christians attacked Muslim villages. Illustrative is the case of Sintuwulemba, a Muslim village in which a large percentage of the men disappeared or were killed. It is estimated that 300 people were killed although authorities have claimed that it is difficult to produce definitive numbers of the deaths, as the bodies of many victims have supposedly floated out to sea under cover of darkness by way of the Poso River.

In an attempt to bring about a long-term solution, the parties of the conflict met in December 2001 in government-sponsored peace talks. The resultant declaration of peace, known as the Malino Declaration, was signed by both parties, and calls for all parties to end all disputes and to abide by the due process of the law.

Source: HPCR (Humanitarian Policy and Conflict Research)

Harsh conditions in the refugee camps have fostered a class of long-term disadvantaged and disillusioned individuals with little stake in the new system of government which was unable to offer protection from marauding gangs of militia. To compound their frustration, the recent report of the Joint Reconciliation Commission

resulted in a decision not to punish those involved in a number of human rights violations in the interest of building a close future relationship between Indonesia and Timor Leste.

If the above account of violent conflict in Indonesia gives the impression that conflict has been an Outer Island problem that would be far from the truth. *Java* was not only the seat of the most violent attacks on PKI supporters, and almost anyone suspected of being a symphatizer, but also the centre of Islamist revivalism and later of radical Islamic terror groups. Failure to enshrine Sharia law into the Indonesian Constitution following the declaration of Independence in 1945 contributed to the Darul Islam rebellion in 1949 in West Java in 1949 and later in Aceh and South Sulawesi in the mid 1950s.

These rebellions were forcibly suppressed but left deep scars which, combined with disillusionment with the Indonesian government and combined the attempted integration of Aceh into the new created province of North Sumatra, directly contributed to the creation of the Aceh independence by what was later to become the GAM.

The Darul Islam movement directly inspired the birth of radical Islam in the form of the Jemaah Islamiyah in the late 1970s. Influenced by events in Afghanistan in the 1980s and having organized a set of Indonesian exiles in Malaysia, the group led by Abu Bakar Ba'ashyr chose terrorism as a weapon to promote radical Islam. The consequences of such a shift towards radical, terrorist Islam are described by the International Crisis Group as follows:

> "As the situation in Ambon, North Maluku, and Poso deteriorated in 1999-2001, JI and other Jihadist groups were able to recruit and train new members, including suicide bombers. By 2005, this network was responsible for well over 270 deaths in, including 2000 Christmas Eve bombings, October 2002 Bali bomb, August 2003 Marriot bomb, September 2004 bomb in front of the Australian embassy Jakarta and October suicide bomb in Jimbaran and Kuta (Bali Island). [15]

What conclusions can be drawn from this varied geography and history of violent conflict in Indonesia following the collapse of the New Order system of

[15] International Crisis Group, (2005) "Conflict History, Indonesia".

government? What are the implications of this experience for determining whether Indonesia remains vulnerable to conflict?

Box 3 - Conflict in Aceh

History of the Conflict

From the beginning of Indonesia's independence, the relationship between Aceh and Indonesia has been characterized by distrust. At the time of Indonesia's independence, Aceh became a province and retained, de facto, a large degree of autonomy from the central government in recognition of its key role in the independence movement. In 1950, however, this status was revoked when President Sukarno merged Aceh into the province of North Sumatra. Many in Aceh felt betrayed by this move and believed that Indonesia had broken its tacit agreement to treat Aceh differently than the rest of the republic. Threatened by their loss of authority and angered by the establishment of Indonesia as a secular state, Islamic leaders in Aceh supported an armed rebellion known as Darul Islam (House of Islam) that aimed to establish an Islamic state in Indonesia. President Sukarno restored Aceh's provincial status in 1959 and granted Aceh special autonomy, a status that ostensibly allowed Aceh greater control over local government and religion. In practice, however, the special autonomy was never implemented.

The modern independence movement began in 1976 when Hasan di Tiro, leader of the rebel movement GAM, unilaterally declared Aceh an independent state. Due to its lack of funds, weapons, experience, and organizational structure, the fledgling group was easily neutralized by the military by 1977. The organization did not disappear, however; Hasan di Tiro continued to cultivate the organization from exile in Sweden. In 1989, the movement re-emerged, fueled by the return of approximately 250 group members from training in Libya. This small group attacked the local military and government on several occasions. Once again the Indonesian military sought to crush the insurrection, this time with overwhelming force. The central government authorized the military to treat Aceh as a Military Operations Area (Daerah Operasi Militer, or DOM), an arrangement that essentially placed the province under martial law. During the period from 1990 until 1998, it is estimated that 1,000 to 3,000 people were killed, 900-1,400 went missing (and are presumed dead), 500 were maimed, and 700 homes were burnt to the ground.

During the period of DOM, rumors of human rights abuses in Aceh circulated, but there were no formal reports. Following the resignation of Suharto, in 1998, a more open system began to emerge and in this new political environment allegations of murder, torture, rape, and other human rights violations emerged. The DOM status was formally lifted in the summer of 1998. Then-president B.J. Habibie appointed a commission to investigate the reported human rights violations. To the dismay of the people of Aceh, only two cases were prosecuted and no military personnel were punished, giving rise to claims of military impunity.

Since 1998, the rebel movement, known in English as the Free Aceh Movement, has gained momentum and popular support. It is now estimated that two-thirds of all villages in Aceh are under rebel control. In some villages GAM has taken over some of the functions of local government. Please see the following section on "Escalation" for more information on the renewed conflict since 1998.

Sources of Conflict

Many reasons have been offered for Aceh's discontent with the Jakarta-based central government. The main driving motivations behind GAM and its widespread public support appears to be a feeling of economic "neo-colonialization," the exploitation of Aceh's natural resources, and a sense that the military acts with impunity in Aceh. Other reasons include Aceh's historical sense of independence and its conservative religious identity.

Attempts to Resolve the Conflict

2002 December - Government and separatist Free Aceh Movement (Gam) sign peace deal in Geneva, aimed at ending 26 years of violence. The accord provides for autonomy and free elections in the Muslim oil-rich province of Aceh; in return the Gam must disarm.

2003 May - Peace talks between government and Gam separatists break down; government mounts military offensive against Gam rebels. Martial law is imposed.

2005 August - Government and Free Aceh Movement separatists sign a peace deal providing for rebel disarmament and the withdrawal of government soldiers from the province. Rebels begin handing in weapons in September; government completes troop pull-out in December (The Helsinki's MoU)

2006 – The GoI issued The LoGA (Law no 11/2006) as a legal basis of the implementation of The Helsinki's MoU. The LoGA has been criticized by GAM because didn't reflect the MoU's substances.

Source: HPCR (Humanitarian Policy and Conflict Research) and BBC

The first general conclusion is *that virtually no significant part of the Indonesian archipelago has been free from violent conflict in the post-Independence period.* Indonesian diversity has not led to the kind of unity the independence leaders had in mind. The scale and geography of large scale violence in Indonesian recent

history means that potential for future conflict cannot be ruled out on cultural or historical grounds.

Second, *separatism in Indonesia has been generally linked to the sense of injustice associated with enclave oriented natural commodity exploitation mostly oil, gas and minerals. These have generated few economic linkages*. The promise of high economic growth free from redistributionist socialist ideology during the New Order meant that natural resource revenues fed the central treasury and were used for the development of areas far from those in which they originated. In some regions such as Papua and to a smaller extent Aceh, the above sense of economic injustice was aggravated by the net immigration of new, more skilled and more docile workers. The decision to quell outbreaks by military repression only inflamed the situation.

Table 7 - Share of Non Oil-Gas in GDRP (%), 1975-2000

	1975	1978	1983	1988	1993	1995	1998	2000
Aceh	83.48	69.15	34.56	37.79	44.35	54.72	55.97	52.01
Riau	6.20	10.42	13.01	21.67	35.01	39.59	38.01	42.04
South Sumatera	67.65	74.56	74.32	78.69	82.48	85.72	81.19	69.23
West Java	89.61	90.00	83.29	91.63	94.15	95.98	92.70	93.27
East Kalimantan	40.67	24.93	24.29	38.58	51.51	51.49	43.22	34.14
Maluku	100.00	100.00	98.81	99.07	99.51	99.54	99.60	99.72
Papua	39.02	39.91	57.21	75.74	94.98	96.09	95.66	95.07
Indonesia	78.88	81.71	77.95	84.78	89.85	91.55	89.92	88.90

Source: Bappenas (2001), Pembangunan Daerah dalam Angka

Third, in areas where the population distribution gave rise to relatively large non-Islamic communities such as Central Sulawesi or Maluku, religious and cultural differences were compounded by a historical colonial policy of divide and rule in which Christians were favored over Muslims. This made for a deep seated differentiation between these communities even when they had lived side by side peacefully for years. The perceived pro-Islamic leanings of the late Suharto period and the cumulative impact of transmigrants into these regions created a situation in which mutual suspicion. The economic uncertainty of the post-Asian economic crisis only fueled the problem. The political dislocation caused by the economic crisis of the late 1990s combined with the growth of radical Islamist movements such as the Jemaah Islamiyah and a weakened and divided military set the stage for widely noted organized outside intervention in the communal conflicts of North Maluku and Central Sulawesi.

The broad conclusion is that the communal unrest can turn into a major conflagration with alarming speed and impact unexpectedly large numbers of people. Even when conflicts are quelled by multi-ethnic or multi-religious agreement, it is a temporary solution. A long term view must be adopted to monitoring and social support policy to reduce the pressures of communal resentment at source. Effective rule of law and high economic growth are necessary but hardly sufficient conditions for this to happen. Indeed, the lesson from Papua is that high growth alone may exacerbate not lessen the dissatisfaction in and dispossession of local communities.

Fourth, the conflicts in Central Sulawesi, North Maluku, Aceh and West Timor all point to the need for continuing reform of the military and the police. This reform is not just a matter of better training or logistics but fundamentally of exerting civilian authority on these institutions. In practice this involves not just finding resources to fund a modern police and military from the public purse and end the practice of military businesses, but also ensuring that the police and the military operate under clear principles of division of labor and of strict political, ethnic and religious neutrality. The difficulty of this task in times of political transformation from a military backed dictatorship to a multi-party democracy is illustrated repeatedly by the conflict between the police and military units themselves.

Fifth, almost all the conflicts discussed above, with the exception of Radical Islam, are rooted in the perception of unfair distribution of income and resources in the context of rapid economic growth. The strong economic growth of the New Order, which was once described by the World Bank country paper as having benefited all the regions and almost all the people in Indonesia, created marginalized communities and cultures. The military solution to law and order worked only as long as the strong state lasted. In a democratic Indonesia new mechanisms of economic inclusion and public political participation need to be worked out urgently.

III. Indonesia's vulnerability to future conflict: lessons from international research

Indonesia has been a country in almost constant conflict since the early days of its Independence. It is true, as Varshney and others argue, that violence has been concentrated in a few districts. But these districts span the entire Indonesian archipelago from Aceh to Papua. Moreover, in so far as they are fuelled by social exclusion, economic injustice or a breakdown of political structures in times of uncertainty, their locations may well change and become more numerous.

Understanding the factors which trigger violent conflict, the many faceted discriminations and exclusions which feed long standing resentment and ethnic rivalries, and the impact of global communications and politics on conflict in any given country requires going beyond one's own borders and the limits of one's own history. There is much in international research and experience which is of relevance to the design of a conflict prevention and mitigation policy for Indonesia.

Indonesian literature on conflict is rich in detailed accounts of the history and evolution of specific episodes. Yet, reference to and learning from international research on the subject remains weak. Extrapolating from the experience of other countries would show that Indonesia, despite its successes in Central Sulawesi, North Maluku, and now Aceh, is highly prone to future conflict, including conflict triggered by the democratic transition itself. Whether Indonesia will in fact succumb to potential conflict depends on a number of factors; the effectiveness of local dispute resolution, the impartiality and intelligence of the law and order machinery, the quality of economic growth, the transmission of international economic shocks and global politics and institutions.

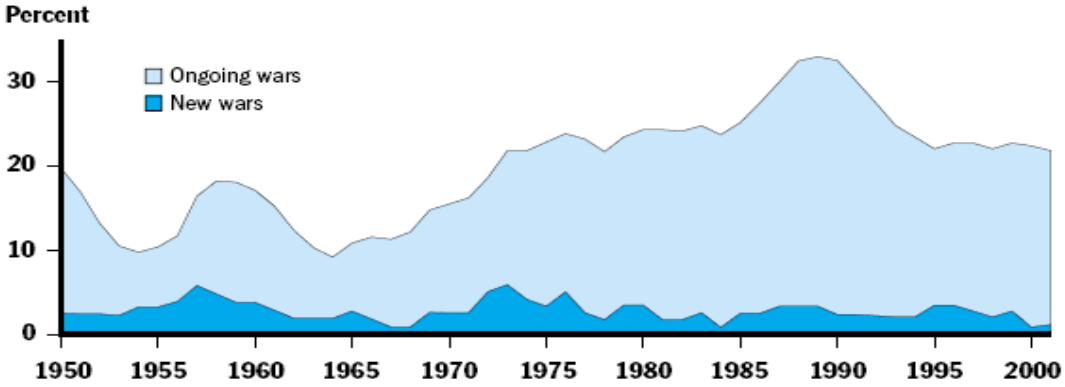
Given the diversity and quality of international research on conflict, which is in itself a recognition of the enormous damage that conflict can do to long term development, and its direct relevance to what Indonesia is going through today a short summary is in order.

One of the most striking findings from a policy perspective of quantitative research on conflict in other parts of the world is the frequency with which violent conflicts tend to repeat themselves. World Bank (2003) points to the danger of countries falling in the "Conflict Trap" as follows:

"Once such a country stumbles into civil war, its risk of further conflict soars. Conflict weakens the economy and leaves a legacy of atrocities. It also creates leaders and organizations that have invested in skills and equipment that are only useful for violence. Disturbingly, while the overwhelming majority of the population in a country affected by civil war suffers from it, the leaders of military organizations that are actually perpetrating the violence often do well out of it. The prospect of financial gain is seldom the primary motivation for rebellion, but for some it can become a satisfactory way of life…Some evidence suggests that decade by decade, civil wars have been getting longer" [16]

Collier, Hoeffler and Rohner (2007) estimate the risk of reversion to civil war in post-conflict societies. The results show that the typical developing country has a 9% risk over the span of a decade of descending into civil conflict. In sharp contrast in post-conflict situations the risk is increased to 40%.[17]

Graph 5 - The Incidence of civil war in South and East Asia and in Oceania, 1950-2001



Source: Gleditsch and others (2002)

Not only is there a considerable risk of reversion to civil war in countries which have a history of it, but some regions also seem to have experienced more frequent and longer civil conflicts than others. The "conflict trap" study shows that despite the

[16] World Bank (2003), "Breaking the Conflict Trap: Civil War and Development Policy", p4.
[17] See Colier (2007), Post-conflict recovery: How should policies be distinctive?" where he argues in favor of a critical test of economic policy in this post-conflict phase should be the extent to which it reduces the risk of reversion to conflict.

general perception of South and South Asian culture is relatively peaceful with strong family ties and considerable social capital, it has been the region with the highest proportion of countries in civil war and violent conflict.(graph 5).[18]

Fearon (2002) provides one answer for the long duration of civil wars in Asia relative to those in Eastern Europe and other regions facing coups and revolutions. Given the obvious parallels with Indonesia it is worth quoting the following passage from Fearon's econometric study:

"As noted civil wars in Asia have lasted longer on average than those in any other region. Quite a few of these wars display a similar dynamic. The state is dominated and often named for a majority ethnic group whose members face population pressure in their traditional farming areas. As a result many migrate into less populous and less developed peripheral regions of the country, often with the support of state development schemes. These peripheral regions however, are inhabited by ethnic minorities—"the sons of the soil"—who sometimes take up arms and support insurgencies against the migrants and the state backing them. In a variant, the sons of the soil are less concerned with in-migration than with the state's monopoly exploitation of natural resources in their traditional areas" [19]

These observations are a strong reason to take a longer view of conflict and its solutions than has been often the case. Peace building does not come to an end when armed hostilities cease. It requires sustained attention to the underlying causes of conflict and dealing with the long history of bitterness and deprivation that they inevitably bring in their train.

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[18] Data over the 50 year period from 1950-2000 taken from Gleditsch et al (2002), "Armed conflict 1946-2000; a new data set", Journal of Peace Research.

[19] Fearon (2002) p. 13. The paper points out that such 'sons of the soil' wars are less common outside Asia. In fact the Asian experience can be contrasted with the coups and revolutions of Latin America which were brief if momentarily bloody: Argentina 1955, Costa Rica 1948, Bolivia 1952, Dominican Republic 1965, Guatemala 1954, and Paraguay 1947. The same process of short wars following mass uprisings and demonstrations in the capital city can be detected in Cuba 1958, Iran 1978, and Nicaragua 1978). Wars in Eastern Europe were even shorter with the average duration of nine post-Soviet and East European cases was shorter than the median duration of any other region. Fearon's results on the duration of civil wars is presented in table---.

Ethnic wars tend to be both ferocious and prolonged. Much has been written about them. See D. Horowitz (1985) "Ethnic Groups in Conflict" and E.W. Nafziger et al (2000) "War Hunger and displacement: the origin of humanitarian emergencies". See Stuart Kaufman (2003) "Social identity and the roots of future conflict", University of Kentucky where he discusses the role of "symbolic" politics or group mythologies to define insiders and outsiders of a given ethnic group. Also see his (2001) "Modern Hatreds: the Symbolic Politics of Ethnic War", Cornell.
A different view is taken in the paper by Gartzke and Gleditsch (2005) " Identity and Conflict: ties that bind and differences that divide", in which they argue that the data suggest that conflicts are generally far more common *within* civilizations than conflicts *between* civilizations". (p.6).

Another strand of discussion in the context of ethnically charged conflicts is the demographic distributions which might promote or deter such conflicts. Collier and Hoeffler's conclusion that risks of rebellion increase substantially even in multiethnic societies if the largest ethnic group has absolute majority. The reason is the fear of domination by this powerful majority group by minorities including in nascent democracies where a system of majority rule, without minority rights safeguards, may actually institutionalize exclusion and discrimination. The partition on India and the massacres that followed, the current conflict in Sri Lanka and to a large extent Ethiopia illustrate the dangers that such dominant majority ethnic groups might pose for peaceful development.

Economic literature on the characteristics and determinants of conflict focuses on two sometimes, interrelated factors. The first relates the proneness to conflict to economic enclaves built around a given natural commodity industry[20], (the so called "oil" curse) which promotes dual economy structures and which by definition is geographically concentrated in a few geogrpahically determined locations. The second, using recent research on horizontal inequalities[21] across regions, shows the significant relationship between the level of such inequalities and the occurrence of conflict. In this context the structure of inter-regional inequalities may not be always

[20] See for instance Michael Ross (2004) "How do natural resources influence civil war? Evidence from thirteen cases", International Organisation, and Ross (2003), Resources and Rebellion in Aceh, Indonesia, prepared for the Yale-World Bank project on the Economics of Political Violence.
Karen Ballentine et al (2003) "The political economy of armed conflict: Beyond greed and grievance", also Global Witness (2001) "The logs of war: the timber trade and armed conflict", see the case reviews of Cambodia and Burma
Further see Paul Collier and Anke Hoeffler (1998) "On economic causes of civil war", and Macartan Humphreys (2005), "Natural resource conflicts and conflict resolution: uncovering mechanisms"

The general point behind the link between natural resource and civic conflict is quite simple and is described well in World Bank's "conflict trap' study (p.60):

"An important circumstance in which ethnic differentiation can appear to be the cause of rebellion is if a country discovers a valuable natural resource such as oil. Natural resources are seldom found uniformly distributed over the entire country. The issue then arises as to who owns the resources, the whole nation or the lucky locality. The inhabitants of the lucky locality have an obvious interest in seceding from the rest of the nation and keeping the wealth for themselves. In all societies locality is one aspect of people's identity and in ethnically differentiated societies ethnicity can be used to reinforce this sense of local locality." This can set the stage for civil war.

[21] Frances Stewart (2001) "Horizontal inequalities: a neglected dimension of development", Luca Mancini (2005) "Horizontal inequality and communal violence: evidence from Indonesian districts", Gudrun Ostby (2007) "Horizontal inequalities, political environment and civil conflict, evidence from 55 developing countries 1986-2003.

be a deliberate creation of policy but as with the natural resource case, result from cumulative effects of an inequality enhancing process.

As Ostby (2007) points out:

"Sometimes, however, horizontal inequalities are not caused by deliberate agency at all but simply become evident for example when traditional peoples on the periphery of modernizing societies are drawn into closer contact with more powerful and technologically proficient groups. An initial advantage often leads to long term cumulative advantages, as resources and education allow the more privileged groups to secure further advantages. Likewise group deprivation tends to be reproduced over time, like South Africa—even after apartheid", (p. 5).

A more recent strand of literature on conflict attempts to connect the broad political environment within which any conflict operates to the origins and the tendency of such conflict in developing countries. The general conclusion, reminiscent of Huntington's work on political instability in changing societies, is that the tendency for conflict is greater in times of transition between one political system to another. Pure autocracies and consolidated democracies are less prone to conflict than those which are in the process of change.[22] By extension, countries which are trapped in constant political instability e.g. Pakistan, Bangladesh etc are much more prone to conflict than many others.

The reasoning behind this kind of research is straightforward. Times of transition also constitute times of intense struggle between powerful elites. Incitement to conflict and undermining the political legitimacy and support of the current ruling group is a powerful means of doing just that.

Theorizing on the relationship between political transitions and civil conflict is rife with counter cases and analytical pitfalls. There are many long standing democracies which have experienced long standing conflicts: Northern Ireland, the American South, and Indian Kashmir to mention some obvious examples. The problem is that there are many different types of democracies, and they may vary substantially in the protection that they offer both in law and in practice to minority

[22] See Scott Gates et al (2006) "Institutional inconsistency and political instability: polity duration, 1800-2000", American Journal of Political Science.

groups.[23] In fact the relationship between democracy, freedom and conflict is less straightforward than is normally supposed as the following paragraph from Stewart and Sullivan (2006) shows:

"It is apparent that in the context of countries with many deep divisions, low incomes and low levels of education that the introduction of democratic institutions does not guarantee their continued existence, nor avoid conflict. Indeed, the reverse may be the case. Political parties tend to accentuate ethnic divisions to gain support, while government forces may incite violence in order to strengthen their position and avoid democratic challenges" (ibid, p. 17)[24]

Finally, another strand of the international literature on conflict which is relevant to Indonesia today is that linking conflict to economic crises and sudden shifts in the income and entitlements of particular groups. The key hypothesis is that it is not absolute poverty or even a given structure of inequality which render a country prone to conflict, its the sudden change of "relative" position of particular groups affected by a change in economic circumstances which results in grievances and the incentives for civil wars.[25] An interesting link between economic growth and post-conflict recovery is that between unemployment among young men and the risk of renewed violence.[26]

IV. Is Indonesia prone to violent conflict?

Conclusions from Indonesian and international case studies

While Indonesia is rich in studies of conflict which focus on the how and the why of conflict, studies rarely use the wealth of new international research on conflict

[23] For Francis Stewart and Meghan O'Sullivan the answer lies in inclusive government, both politically and economically, is necessary to prevent conflict. The question remains, however, why dominant groups would want inclusive governments and why excluded groups would want any thing less?

[24] See Donald Horowitz's (1985) famous study on ethnic conflict where he argues that in divided societies one needs to create institutions which provide incentives for multiethnic cooperation such that it is in the self interest of different groups to cooperate. Such multi ethnic "coalitions of commitment". Also see Ashutosh Varshney's classic study of Hindu Muslim violence in India where he argues that the existence of multi-communal associations reduced the likelihood of conflict in areas with other wise similar population characteristics.

[25] The key reference here is Eric Wolf's "Peasant wars of the twentieth century".

[26] See Collier, Hoeffler and Rohner (2007) for evidence that the share of young males in the population is a major risk factor in explaining conflict. For a wide set of economic policies relevant to times of post-conflict recovery see Paul Collier (2007) "Post-conflict recovery: how should policies be distinctive".

to assess whether the country is prone to conflict in the future. Being "prone" to conflict does not necessarily imply "vulnerability" to it. Vulnerability depends on the capacity of government and social institutions in lowering the probability of differences breaking into violence. Indonesia might well be prone to conflict, but such potential conflict can either be mediated through peaceful and inclusive institutional structures, or breakdown into violent conflict and civil war.

The findings of international research summarized above indicate that Indonesia contains a high risk of future conflict. There are key factors which make this the case:

Indonesia has a history of conflict centered on the exploitation of oil, gas, gold, and timber, a list which could be expanded to include other forms of energy such as coal and agribusinesses such as plantations.

The geography of Indonesia is composed of one island, Java with an absolute population majority relative to the rest of the country. The Javanese have been the dominant culture and provided much of the central government structures since independence. Javanese cultural influences on the rest of Indonesia predate colonial times.

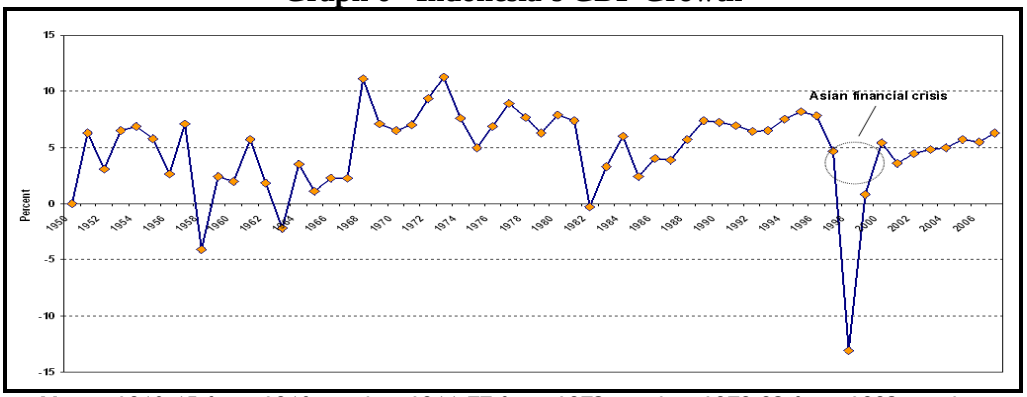
Indonesia is in the midst of a long democratic transition with a rapid proliferation of political parties and considerable public skepticism about the sustainability of the new political system. Its civil service remains both weak and riddled with corruption. Its legal and security institutions have yet to develop into stable democratic, politically neutral institutions with strong parliamentary overview and control. In addition, 2009 is a major election year with both Presidential and parliamentary elections in the Center as well as provincial and district elections. The fact that Indonesia's new democracy is still finding its feet is shown by a number of election related violent clashes in recent months as well as constant new accusations of corruption in high places, especially in political parties.[27]

[27] The ongoing corruption case in relation Bank Indonesia liquidy funds is just one example.

The break neck pace at which Indonesia has decentralized may have set the stage for growing horizontal inequalities and divergence on the one hand and significant disillusionment with the benefits of the current form of decentralization on the other.[28] Equally relevant is the fact that recent natural disasters and the sudden influx of foreign aid, for instance following the Tsunami of 26 December, 2004, have magnified horizontal inequalities and the perception that some disaster areas are pampered while others have been neglected.

Political transition and uncertainty is compounded by economic weakness. As graph 6 shows, Indonesia's economic crisis following the Asian Financial shock consisted of the worst output fall in its entire post-independence history and was on the scale of the output fall in several countries of the former USSR and the USA and UK during the worst years of the Great Depression. This has left deep scars since the output collapse hit the urban poor particularly hard. Poverty levels and the number of openly unemployed rose sharply.

Graph 6 - Indonesia's GDP Growth



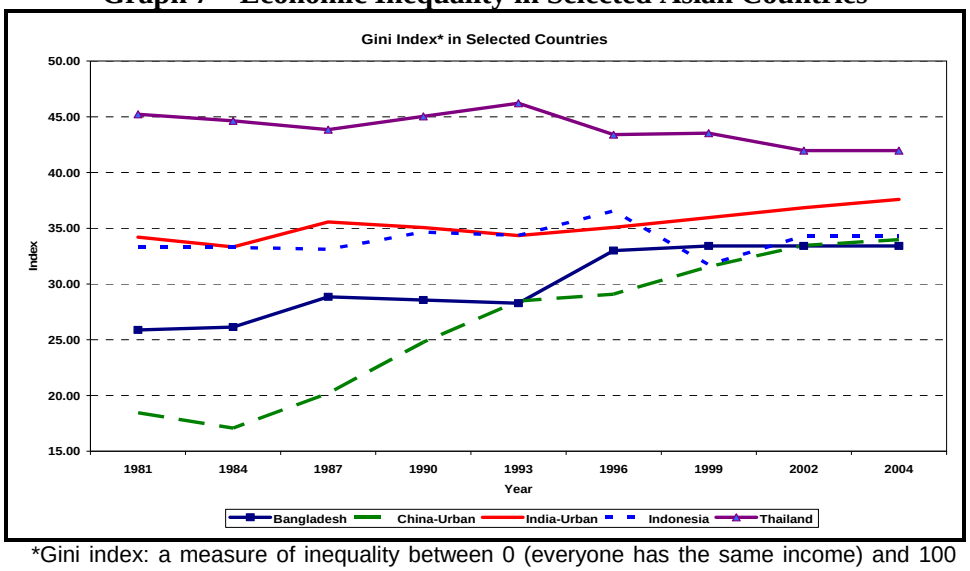
Notes: 1960-65 from 1960 weights, 1966-77 from 1973 weights, 1978-93 from 1983 weights, 1994-99 from 1993 weights, and 2000-06 from 2000 weights.
Sources: Woo, Glassburner and Nasution (1994), CNS, Mishra (2001), and IMF

Subsequent economic recovery has not reversed the trend significantly. Given that around half the Indonesian population lives on less than two dollars a day poverty line, and that a very large proportion of these lie just close to the poverty line, sudden increases in food, kerosene or transport prices can force families in to extreme

[28] This disillusionment might grow both in the poorer parts of the country totally dependent on central government grants as well as in the 'resource rich' districts e.g. in Aceh which have attained special autonomy to find out that the oil and gas reserves and the manufacturing industries build around them are disappearing fast. See Mishra, Prabowo and Habir (2008), paper on Aceh prepared for the UNDP.

conditions of poverty. Increases in these prices, largely due to a rise in world prices and reduction of domestic subsidies have in the past acted as triggers of violent protest.

Graph 7 – Economic Inequality in Selected Asian Countries



*Gini index: a measure of inequality between 0 (everyone has the same income) and 100 (richest person has all the income)
Source: UNDP, Human Development Report 1990-2005

Since the economic crisis, communal economic recovery seems to be associated with rising overall inequality (graph 7). This has fuelled the perception of deep economic injustice, especially in light of constant corruption prosecutions with relatively little effect and by the current Jakarta construction boom among stories of Chinese money being repatriated from Singapore among other destinations. As box 4 and Table 8 show, periods of sudden falls in output or price rises of essential mass consumption goods have often triggered street violence against the Chinese, a situation which in fragmented political circumstances of the day can be used to fuel ethnic and communal violence.

Box 4 - Riots that went out of control

There are cases when riots went out of control despite the strong state during the Sukarno and Suharto years. Reasons include the seriously under funded security forces where morale of the soldiers and police is low, conflicts within the political and military elites that generate confusion on the line of command and orders (often manifested in inaction for days), some feeling of solidarity among the security forces with the masses on the burning issues at hand.

10 May 1963: anti Chinese in Bandung
It started at the Bandung Institute of Technology (ITB) following a brawl between the Chinese and indigenous students. But at that time, the political situation was already heated between the pro and anti communist and the ITB student leaders at that time took this momentum to escalate the fight against the left wing Chinese organization called the Baperki. The anti Chinese movement, and the riot that followed, was considered by the students as an anti communist purge. Of course the masses have different sentiment, their living condition deteriorated rapidly and the Chinese as always is seen as the major culprit. Note that the economy underwent a serious downturn since 1962. Growth collapsed from 6.1 per cent in 1961 to 1.9 per cent in 1962 and further to -2.3 per cent in 1963. During the same period GDP per capita also dropped from 3.9 per cent to -0.2 per cent and further to -4.3 per cent; and inflation shot up from 13.7 per cent to 132 per cent and further to146 per cent.

The riot in Bandung was not controlled effectively and it spread swiftly to other cities where Chinese business was overwhelming. This includes the cities of Cianjur, Sukabumi, Cirebon in West Java, Surabaya in East Java and Medan in North Sumatra.

1965: the Chinese exodus
In these years, the anti Sukarno movement considers the Chinese as part of the fifth column of the communist (recall the 10 May incident above). With the down fall of Sukarno, not only the communists were purged but also the Chinese. At least they were harassed and extorted by the military and thugs. This has triggered a mass exodus of the Chinese to other countries. Many of them fled to China. As known, the economic situation was dire with GDP per capita dropped by 1.3 per cent (recall that his has declined since 1962 as mentioned above), inflation shot up to 1,000 per cent in 1965.

5 August 1973: anti Chinese in Bandung
It began with an accident between a hawker's cart and a car driven by a Chinese and followed the hawkers were beaten by three Chinese, badly wounded. This accident triggered a big anti Chinese riots with the burning and looting of Chinese properties. As in the case of the 10 May case, the security forces did take stern, swift action and the riots went on for two to three days. It also spread instantaneously to other cities on a more massive scale than in 1963. Major incidence of riots occurred in Cirebon in West Java, Pekalongan, Semarang and Solo in Central Java and Makassar in South Sulawesi. The sentiment of the masses was also ignited by the worsening economic condition in 1973. Severe El Nino has failed rice production; inflation shot up from 2.5 per cent in 1971 to 26 per cent in 1972 and further to 27 per cent in 1973.

14 January 1974
It started with the grievances of the students, particularly in Jakarta, Bandung and Yogyakarta, demanding to re-orient the development strategy to meet the needs of the poor majority and an economic policy to give clear priority to domestic players instead to foreigners. There was also a serious rift within the political elite and this has led to some inaction of the security forces.

Although the incidence was centred in Jakarta, the destruction was quite substantial. With around 1000 and cars buildings were burnt and around 11 people were killed. The economic situation was also quite serious, while growth remained robust at 7.3 per cent in 1974, inflation rose to 33 pre cent in 1974 from 27 per cent in 1973.

May 1998
The riot that has led to the downfall of Suharto was not adequately controlled by the security forces. No clear action was taken when it broke; looting and sexual harassment was rampant. As with the downfall of Sukarno, the Chinese was also victimized. The economy was in a deep trouble, with growth collapse from 4.7 per cent in 1997 to -13 per cent in 1997; inflation shot up from 11 per cent to 75 per cent. Moreover, there were also serious rifts within the politico military elite that have led to inaction on the part of the security forces for some time.

The riot has also spread to other cities, mainly targeting the Chinese, in Tegal and Solo in Central Java, Surabaya in East Java, Medan, Pematang Siantar and Tanjung Balai in North Sumatra, Palembang and Lampung in South Sumatra.

Table 8 – Key economic indicators during anti-chinese riots in Indonesia

	1970	1971	1972	1973	1974	1975	1996	1997	1998	1999	2000
Paddy production (000 ton)	25,270	26,392	25,351	28,091	29,377	29,201	51,102	49,377	49,237	50,866	51,179
National Inflation (%)	8.88	2.47	25.84	27.3	33.32	19.69	6.47	11.05	77.63	2.01	9.35
GDP growth (%)	7.55	7.02	7.04	8.10	7.63	4.98	7.82	4.70	-13.13	0.79	4.92
GDP per capita growth (%)	5.04	4.57	4.62	5.69	5.24	2.64	8.52	3.08	-12.82	0.77	2.72

Source: BPS (1995), Statistics during 50 years Indonesian Independence; IMF

Violence in Poso and Maluku, and the bombings in Bali and Jakarta demonstrated the influence of militant Islam from neighboring countries (including Afghanistan, Malaysia and Philippines) and their contribution towards strengthening the Jemaah Islamiyah and its off-shoots. While the organizational capacity and the funding behind the main Jihadist groups, such as Jemaah Islamiyah, seems to be waning it is much too soon to conclude that this is the end of radical, violent Islam in Indonesia. This is because, as Sidney Jones rightly argues, the focus of Indonesian jihadist groups has now been modified to include local communal issues which are

likely to win local partners, in addition to traditional areas of focus. Moreover, the presence of large numbers of former or present internally displaced persons provides a constant source of bitterness towards and empathy for ethnic and religious groups and organizations which support IDPS. Once polarization has begun its containment requires a major strategic and logistical effort. The effects are far reaching – as the as the current deradicalisation program in some of Indonesia's prisons demonstrates.

Many political observers continue to downplay the influence of radical Islam in Indonesia, pointing to the poor performance of Islamist parties in democratic elections. They also note that there is a shift towards the moderate centre amongst political parties sympathetic to Islam, a factor which has already resulted in the assimilation of elements of Shari'a law in local legislation, with the exception of Aceh where it is officially enacted. This has diffused the call for the creation of an Islamic State based on Shari'a and thus reduced the appeal of Shari'a as a unifying slogan for Islamist parties.

There is much truth in these assertions. There is however a more optimistic view of conflict in Indonesia. This refers to the peaceful settlements in Poso and North Maluku but also in post-Tsunami Aceh. Moreover, it is noted that despite the shock of the Bali bombs they have had little long term economic effect, although they may have encouraged groups calling for special autonomy for Bali. In addition, the largely peaceful conduct of free and fair elections in Indonesia and the apparent acceptance of civilian authority over the military, it is argued, provide little scope for the establishment of extreme and violent ideologies and organizations.

Nevertheless, it would be good to heed the warnings of international experience. Ethnic conflicts are not only long term, but also rise and ebb responding to a wide variety of triggers including political competition, economic uncertainty and organizational support and training from sympathetic groups abroad. The situation in Afghanistan and Pakistan, the use of suicide bombers and the spate of bombings in India all point to the fragility of the regional context with respect to the spread of communal violence.

The uncertain future

Then there are questions and dilemmas relating to future development policy for Indonesia. Indonesian development policy in the near future will face some very tough choices. Many, if not most, of these choices will have an impact on the underlying conditions for a new generation of possible future conflicts.

First, sustained economic recovery does not by itself guarantee a noticeable reduction in unemployment levels. The case of India, where record economic growth actually accompanied rising unemployment (so called jobless growth) and the fall of the Janata government with it, is a sign of what can happen in the new international environment of high technology-driven economic growth. Moreover, urban unemployment in Indonesia is heavily concentrated among cohorts between 15-25 years old (table 9). A large fraction of these have already joined the ranks of the unemployed and provide a ready recruitment ground for non-democratic political forces, (gangs, political militia, paid demonstrators etc)

Table 9 - Open Unemployment Compositions by age, 1976-2006

	1976-79	1986-89	1990-93	1994-97	1998-00	2001-03	2004-06
15-19	42.3	23.7	25.5	31.6	29.7	29.4	27.2
20¬24	35.3	49.3	46.4	39.6	37.3	32.1	34.1
25¬29	11.7	16.2	18	17.9	18.1	14.3	14.7
30+	10.6	10.8	10.1	11	14.9	24.2	24

Source: Labor force Situation in Indonesia, annual publication, CBS and ILO labor statistic. Data for average year 1976 - 2000 cited from Dhanani (2004).

Notes: Reference period for looking for work changed from "previous week" to "currently" between 1993 and 1994. Figures for open unemploymen rates are thus not directly comparable before and after 1993

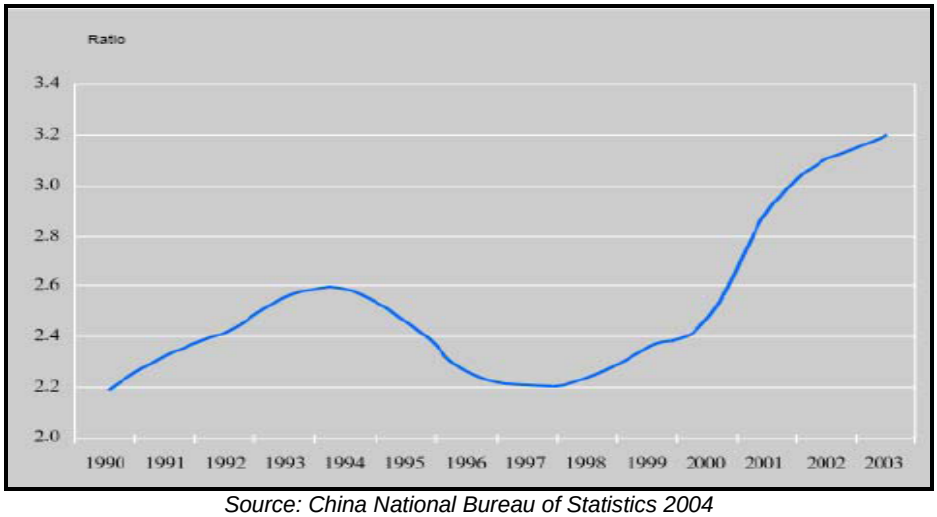
Second, there has been a global rise in inequality. The dramatic case of China (Table 10 and Graph 8) which, following economic liberalization and rapid growth, now has inequality measures which are almost as serious as Brazil is indicative of the negative effects of growth on equality. Again, the seriousness of the issue is reflected by the Chinese Communist Party's decision to adopt the notion of harmonious development-- focusing on improving the inclusiveness of economic growth of the future. In contrast, there are virtually no studies on inequality in Indonesia. What little literature exists argues that the famed equality of Indonesian society may well be a thing of the past.

Table 10 - Gini Index* in Selected Cross-Region Countries

Country	1981	1984	1987	1990	1993	1996	1999	2002	2004
Bangladesh	25.88	26.14	28.85	28.56	28.27	33.00	33.42	33.42	33.42
China-Rural	24.99	26.69	29.45	30.57	32.13	33.62	35.39	38.02	38.09
China-Urban	18.46	17.08	20.20	24.78	28.47	29.09	31.55	33.46	33.98
India-Rural	31.57	30.06	30.13	29.49	28.59	29.02	29.52	30.04	30.46
India-Urban	34.21	33.33	35.57	35.06	34.34	35.08	35.96	36.85	37.59
Pakistan	33.35	33.35	33.35	33.23	30.31	28.65	33.02	30.39	31.18
Indonesia	33.29	33.29	33.12	34.65	34.36	36.55	31.73	34.30	34.30
Lao PDR	30.40	30.40	30.40	30.40	30.40	37.00	37.00	34.67	34.67
Malaysia	48.63	48.63	47.04	46.17	47.65	48.84	49.15	49.15	49.15
Philippines	41.04	41.04	40.63	43.82	42.89	46.16	46.09	44.48	44.48
Sri Lanka	32.47	32.47	32.47	30.10	32.30	34.36	33.24	40.18	40.18
Thailand	45.22	44.63	43.84	45.03	46.22	43.39	43.53	41.96	41.96
Vietnam	35.68	35.68	35.68	35.68	35.68	35.58	35.52	37.55	34.41
Argentina-Urban	44.51	44.51	44.51	45.35	45.35	48.58	49.84	52.52	51.28
Brazil	57.57	57.88	59.31	60.68	59.82	59.98	59.19	58.75	56.99
Chile	56.43	56.43	56.43	55.52	55.47	55.06	55.55	54.92	54.92
Colombia	59.13	56.12	53.11	52.46	54.27	56.96	57.92	58.83	58.83
Peru	45.72	45.72	45.10	43.87	44.87	46.24	49.82	54.65	52.03
Mozambique	44.49	44.49	44.49	44.49	44.49	44.49	45.58	47.11	47.11
Namibia	74.33	74.33	74.33	74.33	74.33	74.33	74.33	74.33	74.33
Nigeria	38.68	38.68	38.68	42.71	44.95	46.50	45.33	43.60	43.60
Zambia	60.05	60.05	60.05	60.05	52.61	49.79	53.44	50.74	50.74
Zimbabwe	56.17	56.17	56.17	56.17	52.81	50.12	50.12	50.12	50.12

Gini index: a measure of inequality between 0 (everyone has the same income) and 100 (richest person has all the income)
Source: World Bank Poverty Monitor (http://iresearch.worldbank.org/PovcalNet/Jsp/index.jsp)

Graph 8 – Changes in China's Urban-Rural Income Inequality, 1990-2003



Source: China National Bureau of Statistics 2004

Third, natural resource led growth is likely to be the most realistic policy option for Indonesia for some time to come. Indonesia has no substantive manufacturing

base and very few mid sized firms. Its higher education capabilities are weak, precluding the option of following the high technology road taken by Korea or even India. Services such as tourism, for which some islands such as Bali and others have potential, have been hit by fears of terrorism and new competition from destinations such as Dubai and Eastern Europe. The current competition for energy between the large Asian economies as well as the sharp rise in world oil prices makes Indonesia's large coal and gas reserves particularly attractive to foreign investors.

Fifth, and closely linked to the question of natural resource led growth, is the uneven impact of environmental degradation across different regions of Indonesia. This is not only due to the fact that different natural resources will be depleted at different rates in different localities (e.g. deforestation or the decline in oil reserves), but also because projected increases in the urban population can make it essential to bring marginal lands into cultivation-- causing further land degradation. The familiar cycle of overstretched land-use, population dislocation and migration and conflict land rights and land-use, so common in many parts of Africa, cannot be ruled out in the context of an economy heavily dependent on land-use and natural resource exports. The situation is not irreversible, but remedial measures must be long-term and require a strategic vision not only in terms of land productivity and efficient resource use, but also in raised awareness of the ethnic and communal dimensions of land rights and the deeply harbored resentment that such disputes can cause.

Sixth, Indonesia's disaster management institutions are still under construction. The Tsunami showed that large scale natural disasters have strained the current capacity of Indonesia's still evolving disaster management system. Uneven assistance to disaster affected populations, the delays in budgetary allocation, the frequent accusations of corruption and bias in aid allocation for disaster hit families all carry the potential for deep disappointment and can easily contain the seeds of future conflict. The Aceh case is perhaps the best example of the disputes surrounding the allocation of foreign aid, but the same story can be repeated over several other disaster locations (e.g. the Jogyakarta earthquake).

Seventh, there is the persistent threat from externally transmitted economic shocks. The Asian financial crisis proved the ease and the speed with which such

shocks can be transmitted to a wide variety of countries. The same is beginning to happen with the fall-out from current financial difficulties in the USA's mortgage and linked financial markets. The spikes in international oil prices this year and the rise in food prices resulting from a shift to bio-fuels on the one hand and as a consequence of rising food consumption in India and China on the other have already led to new waves of conflict in many countries. In Indonesia they did not spark serious street violence as they did in Haiti, but the potential for such violence is serious due to a rapidly urban population and the presence of so many young, long-term unemployed who at best are hovering marginally above the poverty line.

Eight, the threat of global terrorism and the degree to which it can polarize ethnic and communal violence in Indonesia will continue to be a worry for Indonesian policy makers. It is true that democratic politics in Indonesia have not favored the growth of Jihadist parties, who seem to have made no friends in existing political parties and are now starved of funds. However, much depends on what happens in the international arena with respect to the impact of the USA's current incursions in to Iraq, Afghanistan and now Pakistan. American support for Israel in Gaza is another potential polarizing factor. A further polarization of global politics between friends and enemies of radical versions of Islam, will undoubtedly have an impact on Indonesia, just as it is now having on secular Turkey or moderate Egypt. The overwhelming majority in Indonesia profess and practice Islam, despite the many Hindu-Buddhist influences in day to day rituals. To assume that the moderation of the past will be automatically carried over is to misread the history which has already been written in Iran, and is now being written in many parts of South Asia.

Ninth, there is the question of post-conflict sustainability in areas where peace has returned under unusual circumstances. It is still unclear whether regions, such as Aceh, which have gained Special Autonomy rights only to find their natural resources (oil and gas, forestry) heavily depleted, their agricultural productivity stagnant and a large proportion of their people below the poverty line will be able to maintain the peace. The GAM, which still has majority support in Aceh, but is heavily fragmented, may be encouraged to adopt a more Islamic leaning political orientation even without the independence rhetoric.

All of the above imply that the new policy environment in Indonesia and the difficult choices that it entails may well aggravate the possibility of conflict in the future. The foundations and eruptions of violent conflict are constantly moving and evolving. Simple generalization based on past experience will tend to underestimate the new domestic and global dynamics which fuel sources of future conflict. This is no where more true than it is in Indonesia. Focusing too much on past trends and tendencies of conflict in Indonesia carries the danger of an inherent "conflict pessimism" -- much like doctors are so preoccupied with discovering a disease that they ignore the factors which, despite infections and the bacteria, still manage to keep the patient tolerably healthy.

As with the case of the patient and the doctor, there is much that we do not know. Moreover, there is also good news. Assessing the vulnerability of Indonesia to conflict involves adopting a balanced perspective. There are many reasons for optimism, a fact often forgotten in the rather depressing catalogue of past and on-going conflicts and the enormous suffering that they inevitably bring in their train.

V. Conflict in Indonesia: reasons for optimism

As we have seen, Indonesia has historical violence. The short overview of the incidence, scale, duration and the repetition of conflict in this enormous archipelago of over 13,000 islands would tend to suggest that Indonesia is highly prone to social violence. If numbers of dead and the scale of property burned or destroyed is anything to go by, the advent of democracy, far from providing an institutional instrument for peaceful resolution of disagreement, seems to feeding the latent culture of violence which has cost so many lives. Yet this would be a very superficial and narrow interpretation of the Indonesian transformation since its first free elections in its second attempt at multiparty democracy in half a century.

For one thing, the scale of the economic collapse and the sheer enormity of the institutional changes underway during Reformasi's first wave could have easily led to the prediction that after three decades of a stable dictatorship and record economic growth Indonesia's sudden romance with a new democracy would impel it into a

semi-failed state, akin to what happened in Pakistan and Bangladesh and in many parts of the region. It could be argued that the Indonesian Republic was itself an artificial creation of Dutch colonialism, much like what the British managed to achieve in India: through a policy of divide and rule of local petty and not so petty kings brought together only in their conceit and hatred towards each other. Indonesian unity on this account was just as ephemeral and historically fleeting as previous alliances and dissolutions of kingdoms from the earliest periods in Indonesia's history.

Based on such history, and on Indonesia's supposed proclivity towards violent conflict, if anything reinforced by declining incomes, and the crushing poverty that the economic crisis brought and the great political transformation that followed would suggest a much larger scale of violent conflict than actually occurred since the advent of democracy. For those who see the eruption of violent conflict as a consequence of sudden changes in the relative economic and social position of specific groups[29]: the landlessness following the enclosures in England, the demise of the samurai and the creation of a class of Ronin in feudal Japan, the rise of the kulaks in Russia, the American Civil war following the rise of industrialized and urban North and so on, the economic collapse of Indonesia by the late 1990s would have been the perfect stage for a post New Order Indonesia to set a new record for violent conflict.

[29] See the essay by Mancur Olson (1963) "Rapid economic growth as a destabilizing force", Journal of Economic History where is provides a much quoted list of the many ways in which high economic growth can be destabilizing. The experience of the great depression and other such economic collapses round the world shows that economic crises can be just as destabilizing especially when they are unexpected and come against a history of rising expectations.

One important implication of this thesis is the fact that it is the most prosperous areas in a country which might be the seat of the greatest unrest. Here is Huntington quoting de Tocqueville on the French Revolution: "The revolution was preceded by an advance as rapid as it was unprecedented in the prosperity of the nation…. But, this had promoted a spirit of unrest and it was precisely in those parts of France where there had been the most improvements that popular discontent was the highest" (Huntington, 1968, p. 51.) Huntington goes on to note that similar conditions of economic improvement had preceded the Reformation, the English, American and Russian revolutions and the agitation and discontent in England in the late eighteenth and early twentieth centuries. The Mexican revolution similarly followed twenty years of spectacular economic growth.

In the case of Indonesia the impact of record growth and social mobility on conflict is still to be studied. The issue has considerable policy relevance in terms of understanding the future trajectory and forms of violent conflict and to decide what should be tolerated and expected in the process of economic growth and what is unacceptable and should be resisted. As in the case of corruption a purist approach to the subject is unlikely to be effective. The question is not how to do away with conflict (or indeed corruption) but to manage its proliferation and contain it to within some socially agreed levels. See Satish Mishra (2007), "The political economy of corruption and economic growth".

What is remarkable about the Indonesian story is that all these nightmare scenarios failed to materialize. Indonesia did not become a post-communist Yugoslavia or a post-USSR Georgia or Chechnya. It did not become a religiously radicalized Afghanistan or a chaotic Bangladesh or a Pakistan teetering on the edge of perpetual civil war. Its villages did not become storehouses of forcibly acquired grain, its cities did not end up in gang-controlled no go areas, its suburbs did not go up in the smoke of hate and bitter resentment of the type which enflamed the environs of Paris. Its election and communal violence did not match the severity and the relentlessness of such violence in democratic India. Its regional politicians did not acquire and parade private armies to bolster their electoral legitimacy as in parts of contemporary Bihar or Uttar Pradesh. Its generals did not go the route of a Congo or a Rwanda.

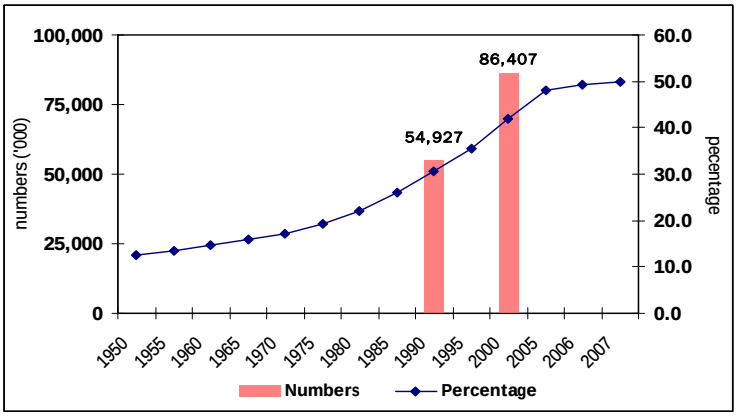
What in fact happened was just the opposite. Suharto, largely unassailable but for a few student demonstrations and a few days of street violence directed at the Chinese, favorite targets in economically insecure times, stepped down pushed by internal cabinet opposition and the declining political legitimacy. Indonesia did not turn into a Zimbabwe with an earlier respected leader leading his country to economic oblivion. There was no military coup despite the temptations this must have had for senior officers. The change in leadership was sudden but constitutional. This was especially unusual given an institutional structure in the New Order which ensured the return of the same President six times but made sure that no Vice President could serve a second term.

What makes this relatively peaceful political, and a less dramatic economic transformation of Indonesia since 1998, even more remarkable is that it came on the heels of a modernization which broke all historical records and which should have by all accounts broken down traditional social institutions and customs surrounding family, religion and ethnic clans. Indonesia by the time of the Asian economic crisis, was no longer the large village that it had been when the Dutch left or the battlefield of seething rural unrest by the early 1960s.

The numbers of people who lived in Indonesia’s cities grew almost ten fold between the early 1960s and the late 1990s, a record matched by few other countries.

The economy grew at over 7% per annum over three decades and with high levels of initial equality brought about a rapid decline in the proportions of Indonesia's population living below the poverty line. One important result of such urbanization and the new economic growth especially in textiles and footwear was the entry of an entire generation of female workers into the labor force.

Graph 9 - Urban Population in Indonesia, 1950-2007



Source: UN Department of Economic and Social Affairs, World population Prospects, the 2006 Revision Population database, UNFPA & UNESCAP (2008); and BPS (Population census and SUPAS)

Such rapid modernization[30] can destabilize even the most long lasting social and political arrangements, as many parts of Asia's new giants: India and China are beginning to prove. In Indonesia the discovery of oil in the 1970s did present the

[30] In what has become one of the best known works in political science, Samuel Huntington (1968), provides many reasons for a link between modernization and political and social instability. Here is a paragraph of direct relevance to developing Indonesia:

"Political instability was rife in twentieth-century Asia, Africa and Latin America in large part because the rate of modernization was so much faster than it had been in the earlier modernizing countries. The modernization of Europe and of North America was spread over several centuries: in general, one issue or one crisis was dealt with at a time. In the modernization of the non-Western parts of the world, however, the problems of the centralization of authority, national integration, social mobilization, economic development, political participation, social welfare have arisen not sequentially but simultaneously.

"The relationship between social mobilization and political instability seems reasonably direct. Urbanization, increases in literacy, education, and media exposure all give rise to enhanced aspirations and expectations which, if unsatisfied, galvanize individuals and groups into politics. In the absence of a strong and adaptable political institutions such increases in participation mean instability and violence. Here in dramatic form can be clearly seen the paradox that modernity produces stability and modernization instability." (Huntington, 1968, p. 47)

How much more the threat of instability when political institutions have to be built anew in the context of a historically severe economic crisis? The Indonesian story is much more complicated than would appear from the dry texts on violent conflict.

specter of the "oil curse". Over time oil did become a curse in Aceh[31]. But Indonesia did not become a Nigeria. It saved its oil bonanza and used it to cushion social pressures in later years.

The question the observer of violent conflict must ask is not why there was so much violence through out Indonesian history, and there was a lot of violence spread out over all of its major islands, but why there was so little. Indonesia's history of post-independence violence, its subsequent economic rise, the dominant role played by the independence-hardened military in both politics and commerce, the sudden implosion of the New Order in the closing years of the 1990s, and the fact that this collapse came suddenly and against a whole generation of rising expectations, could have set the stage for either much greater levels of organized violence or a fragmentation of government and conditions of general lawlessness which are dominant characteristics of failed states.

But it did not. Indonesia continues to grow out of its economic difficulties. Although far from perfect and (according to newspapers) riddled with endemic corruption and newly sprouting political parties, although its streets are showing signs of gang criminality, proliferation of "routine" violence and beoming a natural habitat for paid demonstrators, Indonesia is holding together. Its elections have been peaceful and by and large fair. This is all the more surprising given the fact that Indonesia, unlike the South Asian Sub-Continent, has not inherited the traditions of a politically neutral, competitively recruited civil service and a military used to taking orders from civilian administrators and elected ministers.

The interesting question with respect to conflict in Indonesia is therefore not why it continues to have violent conflict but why despite the most sweeping social and economic transformation of its history, it is able to manage its public services, keep its economy away from the temptations of protectionism, its government in tact, and its boundaries inviolate.

[31] In the sense that it was the source of a conflict driven by the sentiment that Aceh's natural resources, especially oil were exploited for the benefit of Java.

Part of the answer lies in the changing nature of the times. In many countries the end of the Cold War resolved the dilemmas of maintaining democratic freedoms of speech and association in the countries where politics was polarised between a strident left and a violent right often resulting in an orgy of street violence in which the organized, international left clashed repeatedly with the frustrated and paranoid right[32].

Part of the answer also lies in the success of Indonesia's one language policy and in the rapid infrastructural development during the New Order which lowered the barriers of ethnic exclusion. Transmigration did lay the roots of violent conflict, but was that so different from what is happening in fast growing parts of Asia today as people freely migrate from one region to another in search of jobs and economic security? Underlying social strains during times of great economic transitions are the stuff of everyday reporting and political discussion in Asia's two most populous and fast growing economies, India and China.

Yet another part of the answer lies in the changing awareness of Indonesia of its own place in the new, less ideological and fast globalizing world. The success of its own economic growth as well as its membership of ASEAN, APEC and other international associations, and its place in the OECD's "big five" list of countries to watch have all helped to bring Indonesia into international discourse that was hardly possible in the early years after Independence.

The Asian economic crisis brought global attention and detailed economic monitoring by the IMF. Indonesia's democratic elections of 1999 brought a host of international observers. The Tsunami brought the CNN and an unprecedented spontaneous outpouring of aid and assistance. The Bali bomb brought not only world wide sympathy but led the government to work in close cooperation with forensic detection teams from a range of other countries.

The referendum in East Timor, the Helsinki MOU following the Tsunami, the involvement of the President and Vice President in bringing about peace in Poso

[32] For example during the period of the Weimar Republic in Germany after the First World War.

through the Malino Accord and the hosting of the Bali Climate Change conference attended by so many Heads of State were all signals of Indonesia's growing confidence that the worst of the economic crisis and military dictatorship were over.

It was a realization that the world was moving on and that the world in Asia was moving faster than anywhere else. The arrival of democracy and the revival of economic growth in the short span of less than ten years were all signs that Indonesia had come in out of the cold. The strategic partnerships with Japan and Korea, closer ties with India and the historic links to China and now to Brazil reveal an Indonesia much more politically outward looking than at any time since the Bandung Conference.

This more politically outward looking and more internationalist perspective evident during the last decade is all the more commendable for having taken place in full public view and as part and parcel of remaking the old Indonesia: dictatorial, centralized, isolated, ideologically committed to friendship with the anti-communist West into a democratic, decentralized and non-partisan regional and international player.

This new found confidence can be seen no where more clearly than Indonesia's bold embracement of a decentralization so swift and extensive as to change the political map for ever. Decentralization signals,more than anything else, the end of centrist paranoia over the sustainability of the Indonesian Republic as a single nation. Not only has the new Indonesia in the space of less than a eight years put to rest the fears of national disintegration by enacting the most sweeping decentralization imaginable, it has also dealt with two of the most restive areas of the country: East Timor and Aceh.

While the form and the details of decentralization are subject to much debate and some misgiving, it does point to a major shift in national perception and identity. One underlying reason for the willingness of a range of politicians from Habibie and Gus Dur to Susilo Bambang Yudhyono to engage into dialogue with separatists and leaders of fighting groups is their ability to accept greater diversity among Indonesia's region within the boundaries of a constitutional republic.

Press freedom and the political mobilization of the general public by a large number of political parties in the course of Indonesian elections all suggest that, as in many other ethnically diverse countries, one individual can adopt several identities: e.g as an Acehnese, a Muslim and an Indonesian. Such non quantifiable but observable shifts in individual identity and affiliation may well contribute to factors which continue to hold Indonesia together against all the destabilizing pressures of modernization and economic development.

It is the same sense of national identity and of belonging to a resurgent Asia and an ever more integrated world that might explain why since the advent of democracy Indonesia has handled even the most embarrassing of its problems in the full view of international media and scrutiny. The most obvious example is corruption. Far from denying corruption as an exaggeration of Western minds, or a tactic by Indonesia's foes and competitors to deter inward direct foreign investment, Indonesia has embarked on an aggressive anti-corruption program which has captured the public imagination.

How this new-found self confidence and internationalist outlook has influenced the formation of individual identities, and the extent to which the great urbanization which has accompanied economic development has forged together more multiethnic identities in Indonesia is itself a subject of detailed research. It is mentioned here as a reasonable possibility and one which has some relevance to understanding why Indonesia may have avoided much greater levels of violent conflict than it actually experienced.

There are other explanations also of Indonesia's relative success in a mostly peaceful political and economic transformation of the last decade. The end of dictatorship and the retreat of the military from open politics also contributed to the mushrooming of a very large number of civil society organizations of every description: political parties, student organizations, media groups, corruption watch dogs, human rights organizations, poverty action groups and educational trusts.

The demise of the all encompassing Golkar, a Sovietesque overarching union of all pro-authoritarian forces, and its transformation into a political party deprived of government patronage and guarantees, created room for a more associational politics organized through professional and cultural groups. One probable result was the creation of a structure of mediation and self-help unknown during earlier periods of Indonesian history. This and the fact that Indonesia did not possess at the time of the fall of the New Order organized and opposed political organizations and parties with the capacity to foment street violence saved it from the kind of confrontation faced in so many countries in Eastern Europe and nearer home in the Philippines and even Korea.

With a political structure more oriented to personality than ideology, without the polarization of social debate into the politics of the strident right and the opposing left so familiar in Europe and even in India, and with the easing of the political grip which Golkar and the military had exercised for over nearly four decades, new structures of interest mediation and public communication suddenly had the space to do what they do best: to inform, to mobilize, to monitor the performance of state officials and government policies. The precise impact of the loosening of the political space on the growth of civil society is a subject for future historians. The general trend was however indisputable; post-Suharto Indonesia was creating structures and systems of self-help and dispute mitigation which lay outside and beyond the control of the democratic state. Rapid decentralization was to hasten a movement which had already begun with Reformasi.

VI. Reducing Indonesia's vulnerability to future conflict: Elements of a future policy agenda

A review of past conflicts in Indonesia presents a mixed picture. Indonesia is a country riddled with conflicts arising from a large number of diverse influences: demography, natural resource endowments, military rule, natural disasters and globally transmitted economic and political shocks. Both domestic history and international experience show that it is indeed a country prone to violent conflict.

On the other hand, for a country in such rapid economic and political transformation, the level and frequency of conflict is less than what has occurred in similar circumstances elsewhere. Indonesia not only managed to achieve prolonged economic growth with relative high levels of equality in the first two decades of economic development,it also managed to lay down a country wide transportation network and educational infrastructure which allowed it to enter the ranks of the Asian Miracle countries so highly praised by multinational financial agencies. Since its second attempt at democracy beginning 1999, it has managed to perform a remarkable feat of home grown institutional reform with direct elections for the President, and now provincial and district chief executives, created a bicameral parliamentary system and sent the once powerful military back to barracks. Regional political institutions have grown ever more active and although still highly dependent on the central purse show increasing independence and development activity.

There is however a long policy agenda ahead. To reduce the likelihood, frequency, severity and geographical spread of conflict much needs to be done. Policy actions which much be taken include broad strategic moves such as the consolidation of democratic institutions and the reform of the security sector, to the details of information sharing on international crime and terrorism and the mundane but critical steps needed to ensure that post-conflict victims benefit from counseling and psychological support. Let us take the major policy actions needed to render Indonesia safer from future violent conflicts one by one.

a) Complete the major elements of the democratic transition by 2014

There is much general evidence that countries in the middle of transitions from one political system to another are much more likely to experience violent conflict than either a consolidated dictatorship or an established democracy.[33]. There is much skepticism about whether as a lower middle income country Indonesia is really ready for democracy[34].

[33] For an interesting analysis of democracy as social glue see Indonesia's first National Human Development Report (2001).
[34] This issue is not as esoteric as it might sound. For a very recent flavor of the debate on the merits of democracy in the developing world see Farid Zakaria's provocative book "The Future of Freedom".

Whatever the merits or demerits of the many arguments surrounding the suitability of democracy to Indonesia, perhaps the worst case option is to vacillate between one system and another or to be caught in a hybrid system e.g Pakistan that perpetually seems to swing between democracy, dictatorship and semi-democracy, between civilian and military rule and between rule of law and rule by the ruler. Having established the core elements of a democratic political system: regular and free and fair elections, separation of powers, a constitutional court to adjudicate on constitution related disputes especially between different levels of governments and difficult issues relating to political parties among many others, civilian supremacy over the military, a free press and an independent and varied civil society; turning back to authoritarian structures of government is no longer a serious option.

Yet the transition is already about to enter its tenth year. It could take much longer, caught in a quagmire of indecision and delay without some overall plan and targets for the consolidation of democracy. Unlike many other political transitions where a dictatorship was overthrown by a pro-democracy opposition, Indonesia did not possess any political party with an overtly democratic platform or clear ideas of the kind of democracy that was suitable for Indonesia. The system has evolved through a series of haphazard steps, not through open public debate and participation, but in uneasy compromises between parts of the Indonesian elite afraid to rock the boat and let in the forces of political disintegration through the back door. The result is that Indonesia's political system is full of anomalies and rigidities which undermine its capacity for effective decision making and rapid response to sudden crises and shocks.

This situation would be difficult anywhere. It is even harder in a country which though appearing Presidential, acts more like a Parliamentary democracy, where a Parliament designed to be the seat of legislation spends much of its time acting as a break on new legislation. For example, the government's budget is subject to year-

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Zakaria begins with the fundamental question asked by many who doubt the wisdom of democratic government in developing countries. That question is what happens when free and fair elections throw up leaders who are megalomaniacs , bigots or outright criminals.

long legislative review robbing the government of the flexibility and the means for rapid reaction to natural disasters, civil unrest and other emergencies.

Consolidated democracies are not simply a timetable of periodic approvals by the majority. They embody an entire system of safeguards and laws intended to deter concentration of power in a single person or office. While the majority rules, it does so within the bounds of constitutional practice and a set of basic citizen's rights which are intended both to protect the minority and serve the majority. Political parties and civil society organizations are the wheels of public discourse and promotion of group interests, but they must function within within the confines of the criminal, civil and constitutional law. They must also adhere to a set of long standing conventions and agreed procedures not all of which is written into statute.

Seen from this wider perspective, Indonesia still has a way to go to establish a consolidated democratic system. Part of the problem is the absence of political parties or groups with an explicit agenda of democratic consolidation. The inexperience of opposition groups during the Suharto period in social mobilization is also a problem. Social mobilization of this sort would help to generate some home grown notions of a workable democracy. Clearly there are many models of democracy which can be adapted to Indonesia's needs, if only there were a willingness to start afresh and learn from the Indonesia's first democratic experiment in the 1950s. The preoccupation with the economic crisis of 1998, the detailed attention from international creditors which it brought with it, as well as the reluctance for a thorough revision of the 1945 Constitution so revered by large segments of the military, meant a piecemeal approach towards the transition to democracy.

With the receding of the economic crisis, ten years of experience of Presidential succession, parliamentary elections and open media it should be possible to make a comprehensive review of the current status of the democratic transition and to plug the most obvious holes in the institutional structure and the conventions governing decision making in Indonesia's new democracy. This is likely to be an extensive menu but some of the most urgent areas of further reform are relatively easy to identify. The list includes the following:

A] The reform of the policy making process within government is the most obvious gap in the construction of the new democracy. This was given voice in a major conference at the Nikko Hotel in November 2005, attended by the President and virtually the entire cabinet, but has since languished. The main ideas explored at the conference was the need to create an effective Office of the President, strengthen parliamentary commissions to improve their oversight functions while bringing them early into the discussion of new policy initiatives taken by the executive, to promote mechanisms of public dialogue using a number of relevant instruments such as White Papers, public debates on contentious areas of policy such as corruption, economic equality, civic and gender rights and environmental degradation and to build public confidence in the impartiality and fairness of government decisions through independent commissions of enquiry and through the greater involvement of the private sector in several areas of public policy.

B] An overall reform of the security sector bringing all military and police structures under the government budget, ending military and de facto police businesses, creating effective parliamentary oversight mechanisms. The current approach of taking the path of least resistance by focusing on the effective separation of the police from the military along with additional resources, training and technical support (as in the case of Unit 88) was appropriate in the early phase of the reform process, but by itself still provides a prominent role to the military in major internal conflicts. This is not an appropriate policy in the throes of a transition away from military backed rule to a multiparty democracy. The proposal put forward by the International Crisis Group and others for a detailed review of the security sector and a strategic reform plan is the first essential step in this direction.

C] *A review of the decentralization experience* to date with a view to achieving the right balance between provincial and district authority and financing. This is badly needed to smooth the implementation of decentralized government in Indonesia. Indonesia decentralized at break-neck speed and with no clear consideration of its political objectives: acknowledging local ethnic identities and aspirations, improving the quality and monitoring of public services, promoting greater public participation in the decision making process etc. There was no serious attempt tp reaching cross-district or cross-provincial agreement on the rights and

obligations of rich and poor regions alike towards some nationally agreed set of principles and objectives in implementing decentralization.

The first Human Development Report for Indonesia suggested the idea of a South Africa style National Convention or Summit around which a more explicit agreement on the strategic directions and laws surrounding decentralized government could be reached. It might be worth reviving that idea as a starting point for corrective steps in current decentralization practice. The focus could be on re-defining the powers of provincial government in a number of areas involving multiple districts, establishing a mechanism for inter-regional dispute resolution and financial support through the adoption of a mechanism such as India's quite effective Fiscal Commission or some similar variant, and of establishing constitutional mechanism with relevant safeguards for dissolving local governments in times of acute emergency.

D] An independent *review and strategic plan to support the growth and effectiveness of civil society* is another area of the democratic transition which is long overdue. As shown in Graph 10, the years immediately following the demise of the New Order were years of tumultuous growth in the civil society organizations beginning with the formation of new political parties themselves. This growth tended to focus more on service provision, especially poverty alleviation initiatives and community self-help projects. This made sense at the time, given the depth of the economic crisis as well as the natural euphoria that the sudden collapse of a long entrenched dictatorship inevitably brings in its wake. There is, however, a vast amount of international experience in civil society organization, regulation, successes and failures. Civil society ranges from politically influential organizations like large trade unions (Poland's Solidarity being the most spectacular example) to football associations and medical regulatory bodies, educational foundations and religious madrasas or pasentrens. What is common to all of them is their ability to provide a channel of self expression or social protection to the individual citizen or a local community. As Varshney's justifiably admired work on Hindu-Muslim conflicts in India illustrates, the composition and the traditions of a local association can make the difference between peace and conflict under otherwise similar historical and demographic conditions.

Graph 10 - Increase in Selected Civil Society Sectors from New Order to Reform Order in Indonesia

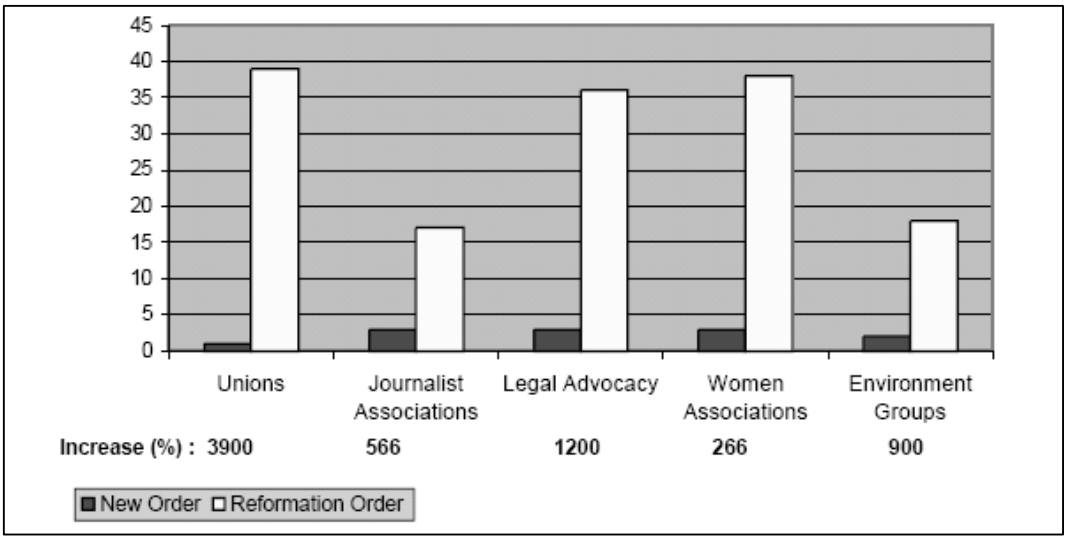

Figure is drawn in Frank Feulner (October 2001) Consolidating Democracy in Indonesia: Contributions of Civil Society and State (Part One: Civil Society), UNSFIR Working Paper
Source: Chart based on Masindo 2000 and UNSFIR Library Database 2000-2001

In the uncertain times of the early years of a democratic transition, there is inevitable suspicion of civil society organizations. There is a strong and mutual dislike between new civil society groups and the long entrenched, magnified in the midst of an economic downturn when the technical "efficiency" of decision making and debt repayment takes priority. But the situation in Indonesia requires looking beyond the limits of economic policy making and establishing the political legitimacy of the new political system. Indonesia, at the time of the fall of Suharto, tackled three major and equally challenging tasks: 1) to build a new political system, 2) to revitalize the economy and to convince the general public that it was heard and that its own welfare was not disregarded in the interests of budget balance, 3) bank bailouts and international debt. Such inclusiveness of public policy is hardly possible without the articulation of self interest which civic society organizations make possible.

Clearly, much more can be done in reducing the level of distrust between government and civil society. An open recognition that the later constitutes as much a building block of democratic governance as the civil service or the political party would be a good start. Support for civil society groups engaging in post-conflict recovery, including psychological counseling, legal aid, movement of displaced

persons and providing information on missing persons all provide for ways to reduce the helplessness and the despair which most people caught in violent conflict experience.

E.] Creation of a *highly trained, non-political civil service*

This is perhaps the most obvious item on the democratic consolidation agenda, yet the one on which the least progress has been made. Much of the early discussion on civil service reform following the advent of democracy was based not so much on the needs of a new political system, but on fiscal and functional rationalization. A new approach to the civil service in democratic societies is urgently needed. This also has considerable relevance to the containment of conflict because of the unique role played by a non-political civil service as a guardian of the political system in times of political instability or deadlock. Anti-corruption has been another important plank in the civil service reform armory, but by itself it means little unless the civil service itself acts under the rule of law and systems of civil rights values in any established democracy. The bottom line is to produce a civil service which is not only good at providing a secure supply of public goods, but is also democratic and not just some abstract, efficient, machine. Non political should not be taken to be non-democratic. Given the considerable path dependence of institutional reforms, it is important to get the design right. Without a strong civil service the democratic transition remains incomplete and insecure. If a consolidated political system reduces the risk of conflict, then an explicit and publicly discussed program for civil service reform is an important policy priority.

One of the key lessons from the collapse of the New Order is that economic growth is an inadequate definition of living standards. At the heart of the government system of the time lay an emphasis on producing high economic growth even at the cost of democratic freedoms, something which contributed to a its gradual loss of political legitimacy. The major task of the democratic transition, and therefore the need to pursue the consolidation agenda further, is to deeply entrench a new political legitimacy based not just on the performance of a given government but the civic engagement and participation necessary for the continuation of a functioning democracy. A key step towards preventing the types of violent conflict which are

rooted in ethnic resentment, class hatred and the anomie of migrant urban populations is to provide channels of voluntary self expression and promotion which authoritarian polities generally tend to fear. Despite all the successes of political transformation in Indonesia civil society promotion and reform is still at the starting blocks.

b) Formulate long range strategic plans for persistent conflict areas

Evidence points to the fact that conflicts tend to be repeated and certain types of conflict can escalate quickly. The peace in Aceh, Poso, North Maluku and Papua require constant monitoring. They also require a long term policy which can focus on removing some of the root causes of conflict as well as mediation and support mechanisms which can replace military and government intervention except in the most severe of times. These areas of persistent conflict cannot be treated just as another decentralized district or province since they are especially at risk and do enormous damage to the political legitimacy of a democratic government forced to resort to the military to manage local disputes.

Putting persistent conflict areas on special watch mechanisms, providing long term budgetary support to reconstruction efforts, strengthening civil society mediation systems, providing special initiatives and incentives for new investment to provide local employment and promoting public dialogue and participation in decisions which significantly change economic entitlements and political access to any one community are all well known instruments of conflict prevention and mitigation. But they can only work in the context of a long term commitment towards decompressing the highly charged social atmosphere of post-conflict communities.

Special monitoring and analysis of long term conflict is one area that can benefit from tapping into international best practice and information exchange. Studies of post conflict recovery and the repetition or stoppage of conflict in Africa, Latin America and in Asia can provide much insight and clues regarding the sequencing, structure and the financing of special area based conflict management programs. The key is not to take peace for granted, and put in place specially targeted programs to reduce the risk of repeat conflicts. Given the economic costs of dealing with large

number of internally displaced families, investment into such programs should be well worth the opportunity cost.

c) Prevent the growth of extremist political and social organizations

Dealing early with extreme political and social organizations which promote a violent overthrow of the state or which preach violence against particular ethnic or religious organizations is part of the regular business of democratic government. Here, the key lesson is to have clear laws on the subject and to act early to prevent the growth of such violent movements. Clearly, knowing when to outlaw a given party or organization is a difficult business and can be rather arbitrary. Once again there is much to learn from international practice. The key is to have as clear a criteria as possible and a special legal entity, for example the Constitutional Court, to handle such cases within the limits set by future review of the case should circumstances change.

d) Control of terrorism and similar threats

Keeping the threat of terrorism to tolerable limits is a complicated task. Much has already been done in Indonesia to cooperate with international partners in information sharing and joint surveillance. However, this is one area where the military is often the only effective choice. Clear rules of engagement, boundaries and lines of authority between the military and the police lie at the root of the administrative management of such a policy. But at the end of the day defeating terrorism, if the Afghan or the Iraq experience is any thing to go by, is a matter of wining hearts and minds. Hence an anti-terrorist policy needs to go beyond law and order issues, which is just the first step to a much deeper system of public education, economic and ethnic equity and fairness and greater public participation in public policy decision making.

e) Ensure a fair share of future economic growth

Much has been written about inclusive growth most recently by economists at the IMF. However, the precise means by which this can be done is still not clear. From a conflict-prevention point of view the critical rule is to be able to track the increase in inter-personal and inter-regional inequality. This has not been done in recent years in Indonesia and most of the assumptions with respect to equality are dubious. Equity needs to be a plank of economic policy. Understanding the impact of expected growth on the distribution of income might be a good place to start, along with ensuring that in projects with many losers and winners and policy decisions are made with transparent and convincing public dialogue. There are many instruments available for improving the distribution of income short of direct controls on asset distribution. These range from reform of tax laws and elimination of non-targeted subsidies, to investment incentives for poor performing regions and affirmative action to help particular ethnic groups. The point is that Indonesia has no effective policy to reduce economic and social exclusion. Yet, it is an essential part of the conflict resolution armory.

f) Promote the use of independent reviews, consultative meetings and White Papers in public decision making

Many, if not most, of the issues underlying the escalation of conflict are questions of economic entitlement or ethnic exclusion or revenge for past wrongs. These can not be "solved" by technical parameters or through administrative fiat. There are by now many good examples of how to build a new consensus around such issues. Indonesia has adopted them piecemeal and under pressure. Clearly, a program of bringing about a consensus on these "wicked problems" as a paper from the Australian Office of the Prime Minister and Cabinet suggests, is a step in the right direction. This is quite important as a 21st Century tool in the solution of such difficult to define, and even more difficult to manage, type of complex policy priorities.

The above menu of possible integrated responses to present and future conflicts suggests a long-term, consultative and strategic view of violent conflict in Indonesia. Focusing on any one part of this agenda to the exclusion of others will simply repeat the mistakes of the past, where conflict was seen as something to be suppressed and

cocooned with the hope that it would just vanish over time. That policy has clearly not worked. Indonesia has many lessons of its own to contribute to the international experience on conflict. It has much to learn from it. It is time to turn that accumulate experience in to a convincing strategy for conflict prevention and where this is not possible, for rapid post-conflict recovery.

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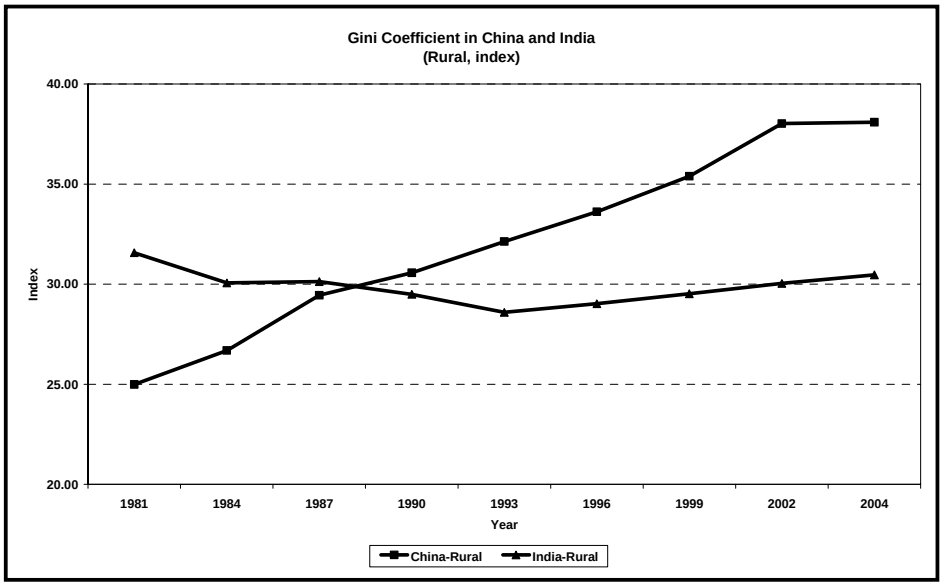
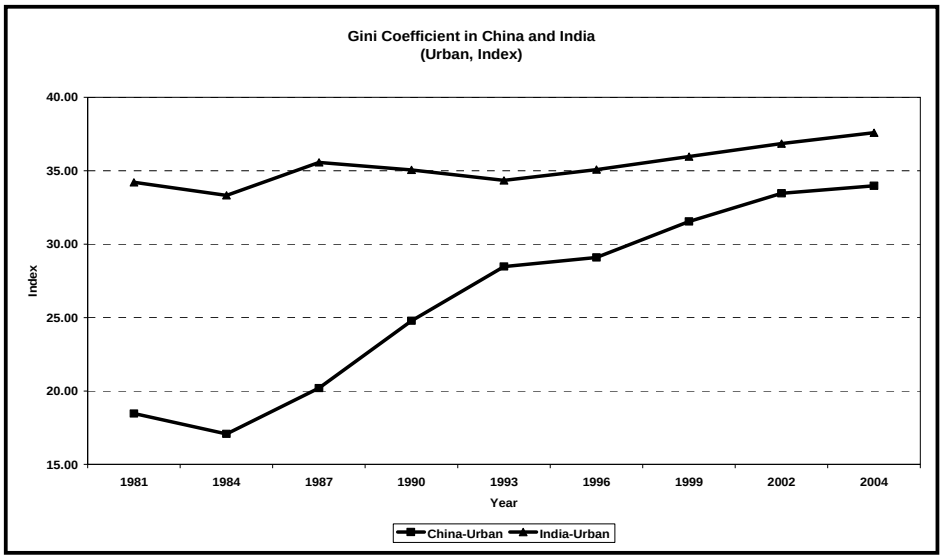
Statistical Appendices

Graph – Economic Inequality in China and India (Rural),



Source: World Bank Poverty Monitor Database Online (http://iresearch.worldbank.org/PovcalNet/Jsp/index.jsp)

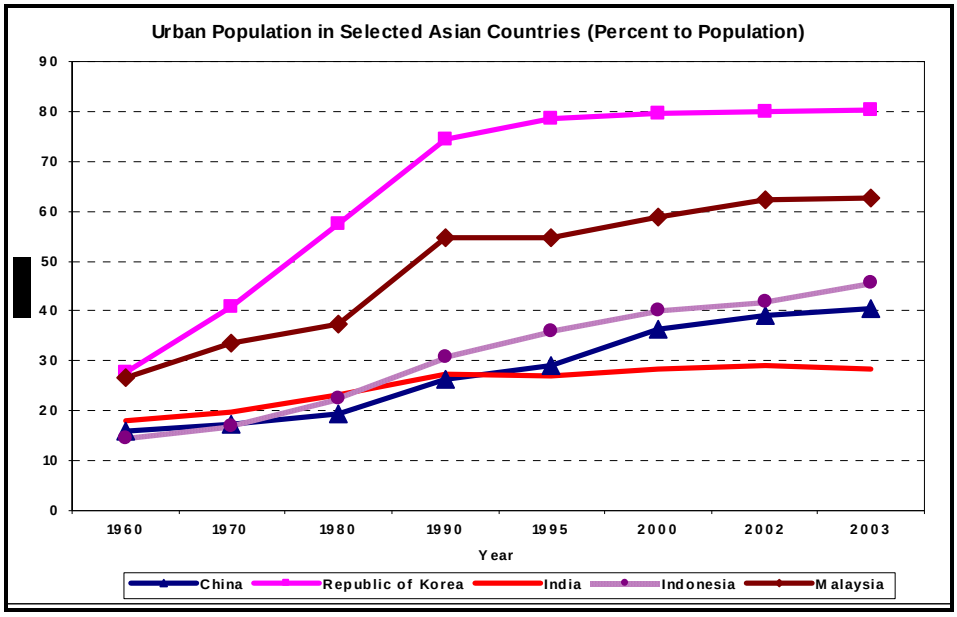
Graph – Economic Inequality in China and India (Urban),



Source: World Bank Poverty Monitor Database Online (http://iresearch.worldbank.org/PovcalNet/Jsp/index.jsp)

Graph – Urban Population in Selected Asian Countries

(percent to population)



Source: UNESCAP 2007

Table - Urban Population in Selected Countries

(Percent to Total Population)

Countries	1960	1970	1980	1990	1995	2000	2002	2003
China	16.0	17.4	19.4	26.4	29.0	36.2	39.1	40.5
Hong Kong China	85.2	87.7	100.0	100.0	100.0	100.0	100.0	100.0
Republic of Korea	27.7	40.7	57.3	74.4	78.5	79.7	...	80.3
Bangladesh	5.1	7.6	11.3	14.8	15.1	21.2	...	24.3
India	17.9	19.8	23.1	27.2	27.0	28.4	29.0	28.3
Pakistan	22.1	24.8	28.1	30.1	31.8	32.5	32.5	33.7
Sri Lanka	16.4	19.5	21.6	21.5	22.0	23.6	...	...
Cambodia	10.3	11.7	10.3	11.6	14.4	16.0	16.0	...
Indonesia	14.6	17.1	22.4	30.9	36.1	40.2	...	45.6
Malaysia	26.6	33.5	37.5	54.7	54.7	58.8	62.4	62.6
Myanmar	19.2	22.8	24.0	24.8	26.0	27.7	29.0	29.5
Philippines	30.3	33.0	37.3	48.6	54.0	58.6	60.0	61.0
Singapore	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Thailand	19.7	20.9	17.6	17.7	18.3	18.5	28.6	28.6
Viet Nam	14.7	18.3	19.3	19.5	20.7	24.2	25.1	25.8

Source: UNESCAP 2007

Estimated median and mean civil war duration by region

Region	Median	Mean	N
E. Europe/F.S.U.	2.4	3.5	9
N. Africa/M.East	4.5	6.7	18
Latin America	6.0	8.8	16
W. Europe + US/Canada/Japan	7.1	10.4	16
Sub-Saharan Africa	9.8	14.3	32
Asia	13.7	20.0	33

Source: Gleditsch, N. P., P. Wallensteen, M. Eriksson, M. Sollenberg, and H. Strand. 2002 "Armed Conflict 1946-2001: A New Dataset." Journal of Peace Research

Muslim - Christian violence in Indonesia (1990-2003)
Provincial distribution

Province	Deaths	%	Incidents	%	Incidents with deaths	%
North Maluku	2,756	50.6%	67	15.5%	64	20.3%
Maluku	2,023	37.1%	307	70.9%	232	73.4%
Central Sulawesi	654	12.0%	31	7.2%	16	5.1%
Jakarta	6	0.1%	1	0.2%	1	0.3%
East Java	5	0.1%	6	1.4%	1	0.3%
West Nusatenggara	5	0.1%	4	0.9%	1	0.3%
South Sulawesi	3	0.1%	7	1.6%	1	0.3%
Riau	-	0.0%	-	0.0%	-	0.0%
Banten	-	0.0%	-	0.0%	-	0.0%
West Java	-	0.0%	6	1.4%	-	0.0%
Central Java	-	0.0%	-	0.0%	-	0.0%
East Nusatenggara	-	0.0%	4	0.9%	-	0.0%
West Kalimantan	-	0.0%	-	0.0%	-	0.0%
Central Kalimantan	-	0.0%	-	0.0%	-	0.0%
Indonesia (14 Prov)	5452	100.0%	433	100.0%	316	100.0%

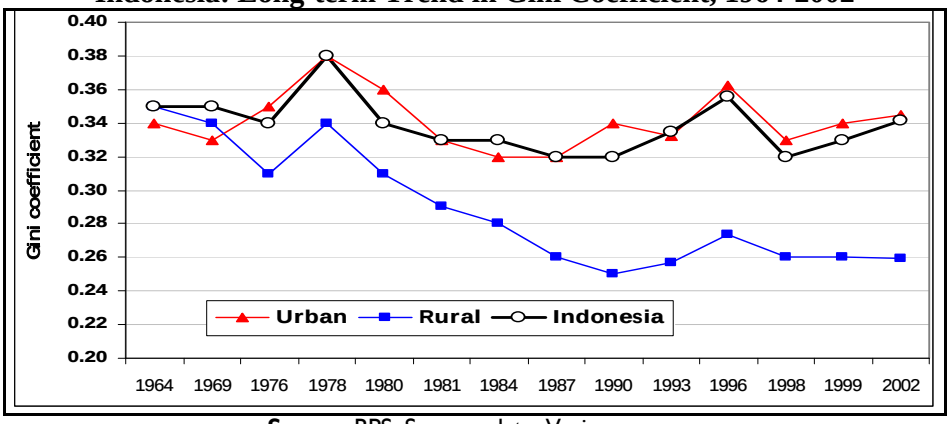
Source: Ashutos Varshney, Rizal Panggabean & M. Zulfan. *Patterns of Collective Violence in Indonesia, 1990-2003*. UNSFIR, 2004.

Province which Moslems population is below average, 2005 (in percentage)

Province	Percent of Moslem to total population
Bali	5.72
Papua	20.97
North Sulawesi	28.40
Maluku	49.24
West Kalimantan	58.26
North Sumatera	65.54
Central Kalimantan	69.67
North Maluku	76.12
Central Sulawesi	78.67
East Kalimantan	81.78
Bangka Belitung	83.19
DKI Jakarta	85.85
Indonesia	87.20

Source: calculated based on Ministry of Religious Affairs statistic data online (see http://www.depag.go.id/index.php?a=artikel&id2=pendudukagama)

Indonesia: Long-term Trend in Gini Coefficient, 1964-2002



Source: BPS, Susenas data. Various years

Indonesia National Police Personnel Ratio

Year	1946	1995-2000	2000-2005	2007
Ratio	1/500	1/1000-1/1200	1/750-1/900	1/582
UN Standard	1/400-1/500			

Source: Litbang Kompas, Tempo, Institute for Defense security and Peace Studies, The Indonesian Commission of Police Research

Population in Conflict Area, 1930-2005

	1930	1961	1971	1980	1990	1995	2000	2005
Aceh	1,003	1,629	2,009	2,611	3,416	3,848	3,929	4,032
West Kalimantan	802	1,581	2,020	2,486	3,229	3,636	4,016	4,052
Central Kalimantan	203	497	702	954	1,396	1,627	1,855	1,915
Central Sulawesi	390	652	914	1,290	1,711	1,938	2,176	2,295
Maluku	579	790	1,090	1,411	1,858	2,087	1,166	1,252
North Maluku	na	na	na	na	na	na	815	884
East Nusa Tenggara	1,343	1,967	2,295	2,737	3,269	3,577	3,823	4,260
East Timor	na	na	na	555.4	747.6	795.8	na	na
Papua	179	758	923	1,174	1,649	1,943	1,684	1,875
Indonesia	60,593	97,019	119,208	147,490	179,379	194,755	205,132	218,869

Source: BPS, Census and SUPAS data. Various years. World Bank (1982). *Indonesia: Financial Resources and Human Development in the Eighties.*

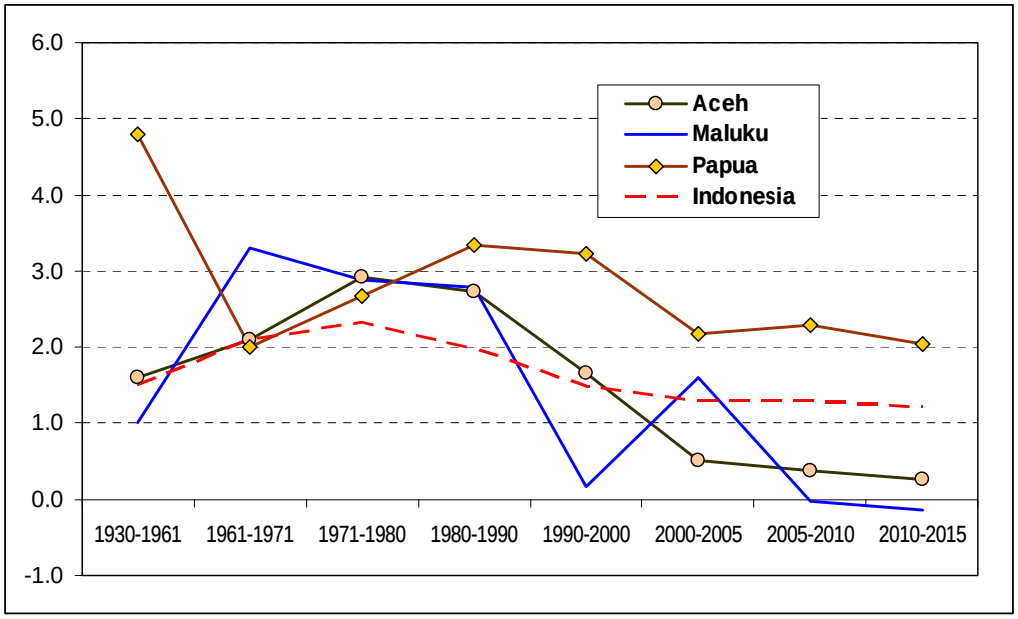
Net Lifetime Migration in Some Provinces of Indonesia, 1971-2005

	1971	1980	1990	2000	2005
Aceh	-4,853	27,355	67,722	-144,148	na
West Kalimantan	-14,304	32,498	80,141	115,102	-16,506
Central Kalimantan	38,564	114,956	192,674	369,723	-15,760
Central Sulawesi	16,663	150,614	237,782	295,171	24,833
Maluku	5,615	60,169	89,531	-81,526	-20,802
North Maluku	na	na	na	17,122	na
East Nusa Tenggara	-16,004	-8,799	-53,132	-50,549	3,148
Papua	27,064	77,471	230,522	285,191	17,761

Open Unemployment Rate in Conflict Area, 1971-2006

	1971	1980	1985	1990	1995	1998	1999	2002	2004	2006
Aceh	10.64	1.64	1.93	2.81	7.54	6.21	7.56	9.34	9.35	10.43
West Kalimantan	4.9	1.01	1.13	1.9	5.26	3.65	2.02	8.57	7.9	8.53
Central Kalimantan	11.73	0.68	1.61	1.76	6.27	4.49	3.67	6.37	5.59	6.68
Central Sulawesi	9.85	3.32	1.21	2.75	8.36	5	4.39	8.06	5.85	10.31
Maluku	18.97	1.47	1.82	3.41	7.85	3.7	4.7	8.08	11.67	13.72
North Maluku								15.25	7.53	6.9
East Nusa Tenggara	10.07	0.6	0.56	0.8	2.6	2.64	2.93	4.35	4.48	3.65
East Timor			0.55	1.74	5.26	4.34				
Papua	19.75	1.82	1.49	3.13	4.66	3.22	6.42	6.01	8	5.83
Indonesia	8.81	1.66	2.14	3.17	7.24	5.46	6.36	9.06	9.86	10.28

Population Growth Rate in Indonesia, 1930-2015



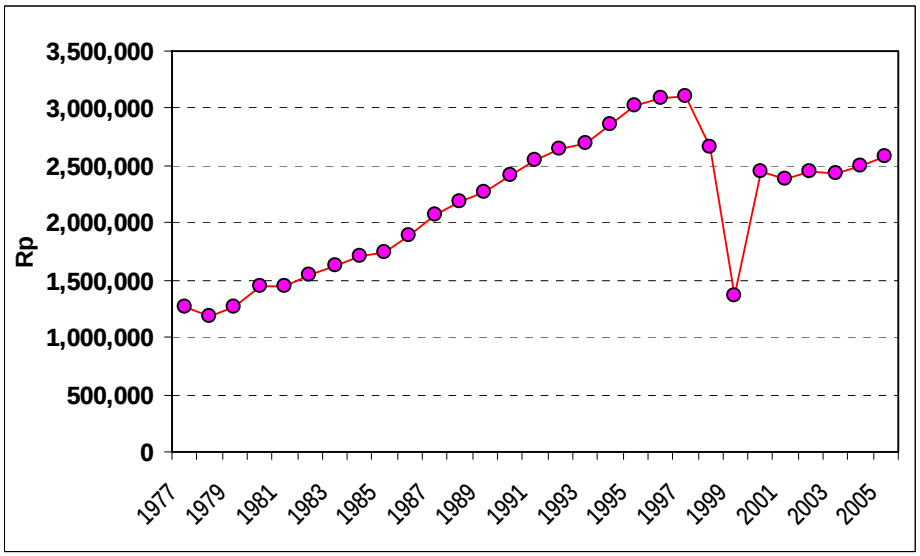
Source: BPS, Census and SUPAS data. Various years; BPS, Bappenas and UNPF. 2005. *Indonesia Population Projection 2000-2005;* World Bank (1982). *Indonesia: Financial Resources and Human Development in the Eighties.*

Gini Coefficient in Conflict Area, 1984-2002

	1984	1987	1990	1993	1996	1999	2002
Aceh	0.26	0.26	0.22	0.29	0.26	0.24	
West Kalimantan	0.25	0.26	0.28	0.30	0.30	0.27	0.30
Central Kalimantan	0.29	0.24	0.25	0.26	0.27	0.24	0.25
Central Sulawesi	0.30	0.27	0.27	0.29	0.30	0.29	0.28
Maluku	0.30	0.30	0.27	0.30	0.27	0.24	na
East Nusa Tenggara	0.31	0.28	0.30	0.25	0.30	0.27	0.29
Papua	0.37	0.38	0.33	0.36	0.39	0.36	na
Indonesia	0.33	0.32	0.32	0.34	0.36	0.31	0.33

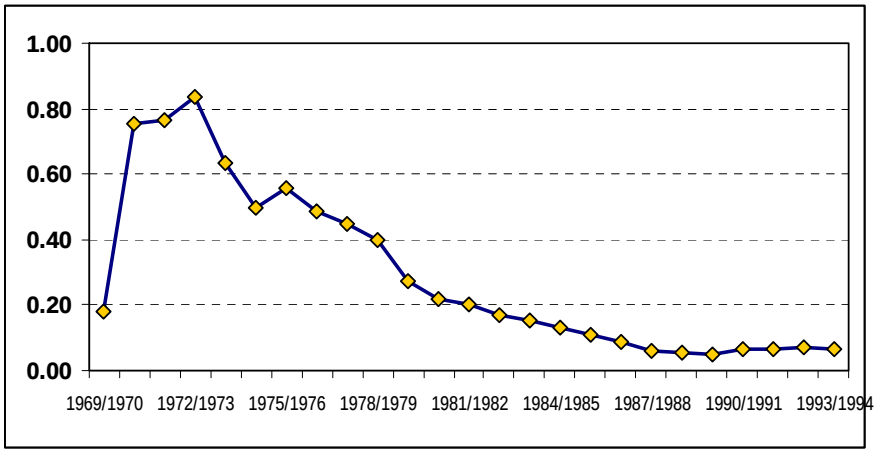
Source: Bappenas (2001). Pembangunan Daerah dalam Angka. UNSFIR (2005)

GDRP per capita in Maluku, 1977-2005



Source: BPS and Bappenas, various publications
Notes: at 2000 constant prices

INPRES Budget to GDP (%), 1969-1993



Source: MoF, Financial Statement. Various years

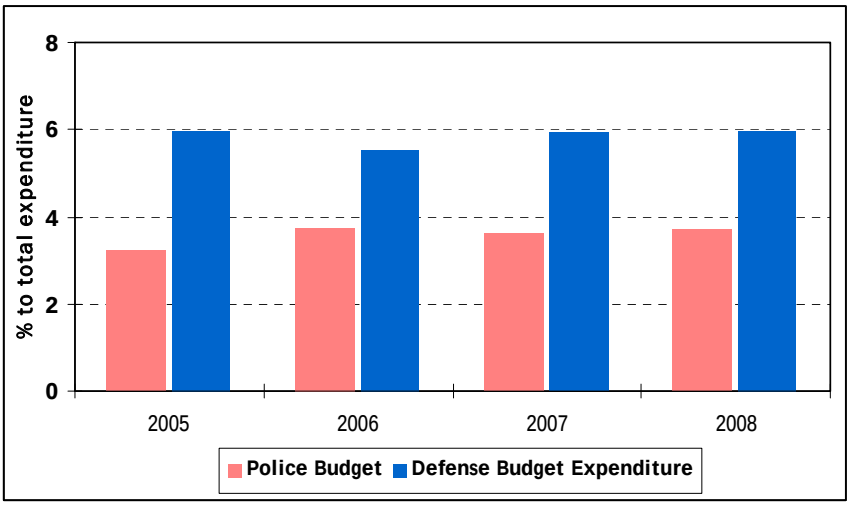
Defense Expenditure in Indonesia

Year	Development Expenditure (billion Rp)	Defense Expenditure (billion Rp)	Defense Expenditure to Total Development Expenditure
Pelita I	1,232.8	27.3	2.21
Pelita II	9,126.4	333.7	3.66
Pelita III	34,129.2	2,377.1	6.97
Pelita IV	50,885.1	2,915.4	5.73
Pelita V	101346.4	5090.2	5.02

Source: MoF, Financial Statement. Various years

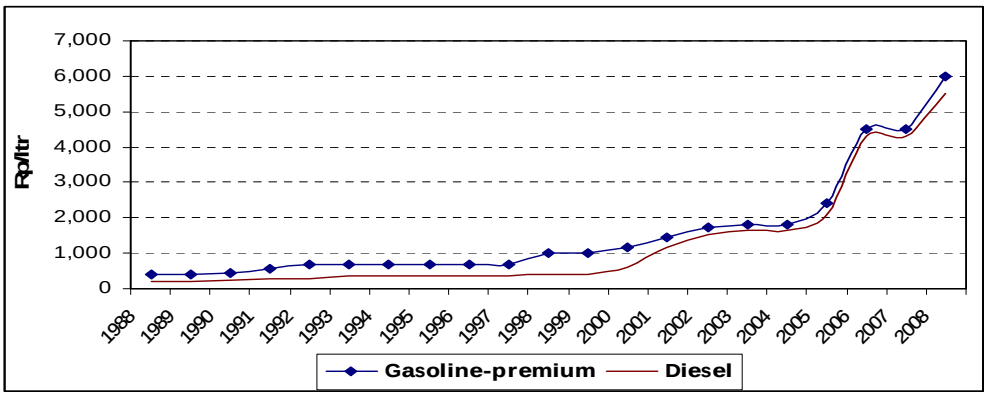
Notes: Not include routine expenditure; defense budget also include budget for national police and military

Defense and National Police Budget in Indonesia, 2005-2008



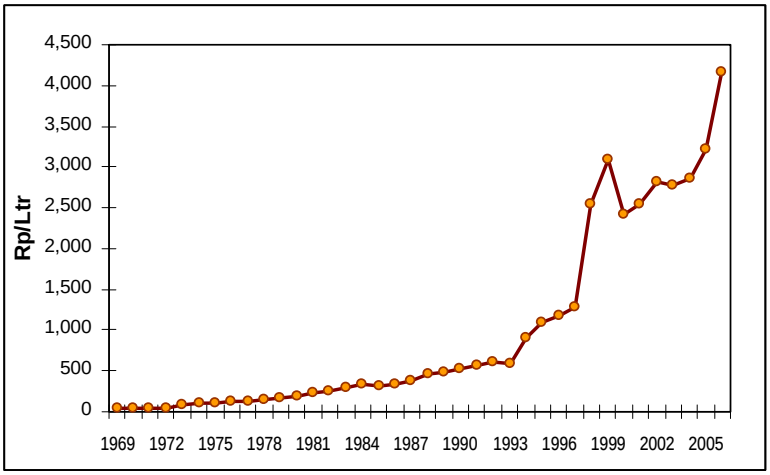
Source: MoF, Financial Statement. Various years

Fuel Price in Indonesia, 1988-2008



Source: ADB Key indicators and ESDM database online

Retail Rice Price in Indonesia, 1969-2006



Source: data 1969-1993 using BULOG Statistic as cited by Sherman Robinson (et al), 1997; data 1994-1999 using BULOG statsistic as cited by IRRI; data 2000 using average retail price for medium rice, available on BULOG database online

PODES 2005

KOTA+DESA	villages	Conflict occurrences	Death toll	injured	Total of victim	Civil/Group strife	Strife w/ Gov Apparatus	School strife	Inter-ethnic strife	New problems	Dispute resolved	By society	By village aparatus	By security forces
NAD	5967	22	0	28	28	20	0	0	0	18	20	2	12	6
SUMATERA UTARA	4915	91	24	131	155	66	5	0	1	55	82	14	37	31
SUMATERA BARAT	901	48	5	98	103	30	4	5	2	31	37	8	13	16
RIAU	1477	50	9	72	81	28	2	3	5	28	41	9	11	21
JAMBI	1235	33	3	74	77	20	0	3	1	29	31	2	21	8
SUMATERA SELATAN	2778	26	5	67	72	19	1	1	0	17	18	3	9	6
BENGKULU	1224	17	2	10	12	11	2	0	0	9	13	1	4	8
LAMPUNG	2191	23	11	38	49	16	1	1	0	15	19	2	7	10
KEP. BANGKA BELITUNG	321	12	0	19	19	10	0	0	1	10	7	0	5	2
KEPULAUAN RIAU	255	11	5	14	19	9	1	0	1	6	9	2	3	4
DKI JAKARTA	267	12	2	28	30	8	0	3	1	5	12	1	0	11
JAWA BARAT	5808	151	17	331	348	111	2	13	0	103	131	11	55	64
JAWA TENGAH	8564	271	7	451	458	225	1	2	0	202	253	20	102	131
D.I. YOGJAKARTA	438	19	1	22	23	14	0	1	1	13	16	0	9	7
JAWA TIMUR	8477	158	17	500	517	111	4	3	0	96	132	12	49	71
BANTEN	1482	33	0	52	52	26	1	2	0	26	32	5	11	16
BALI	701	11	0	16	16	11	0	0	0	11	9	0	2	7
NUSA TENGGARA BARAT	820	40	9	68	77	30	1	1	0	30	34	3	11	20
NUSA TENGGARA TIMUR	2738	117	7	227	234	84	6	1	6	80	96	10	55	31
KALIMANTAN BARAT	1530	14	0	38	38	13	0	0	0	12	12	4	2	6
KALIMANTAN TENGAH	1351	7	1	24	25	4	1	0	0	3	7	0	4	3
KALIMANTAN SELATAN	1959	4	0	6	6	2	0	1	0	3	2	2	0	0
KALIMANTAN TIMUR	1344	28	8	51	59	19	1	1	4	20	23	2	6	15
SULAWESI UTARA	1269	43	17	112	129	33	0	1	0	35	40	2	7	31
SULAWESI TENGAH	1530	37	11	54	65	24	3	2	6	28	33	3	8	22
SULAWESI SELATAN	3286	62	28	196	224	48	0	2	0	30	47	3	13	31
SULAWESI TENGGARA	1685	43	6	51	57	29	0	2	2	24	33	4	14	15
GORONTALO	449	8	1	4	5	7	0	0	0	5	5	1	3	1
MALUKU	873	74	20	131	151	58	0	1	4	41	58	3	21	34
MALUKU UTARA	781	48	2	77	79	38	2	2	2	33	45	2	26	17
PAPUA	3339	97	58	328	386	55	6	1	28	52	87	15	44	28
	69955	1610	276	3318	3594	1179	44	52	65	1070	1384	146	564	673